

Budget Priorities



Maryland
FY 2003 BUDGET

Parris N. Glendening, Governor
Kathleen Kennedy Townsend, Lt. Governor

Budget Highlights

Maryland Budget Priorities FY 2003

IMPROVING EDUCATION

- ❑ The direct state formula-based education aid totals \$2.2 billion, an increase of \$118.6 million or 5.6% over the fiscal year 2002 amount.
- ❑ State aid not mandated by statutory funding formula is funded at \$449.9 million, an increase of \$32.8 million, or 7.9%. Included in this growth is: \$10.5 million more to reduce class size and increase the number of certified teachers
- ❑ Early Childhood Education Initiatives include continuation of: \$19 million to be distributed to school systems for improvements in the early elementary grades; \$10.9 million for Judith Hoyer Centers for early childhood family services; and \$19.3 million for the Extended Elementary Education Program.
- ❑ Funding for the City Partnership Program including the Baltimore City Remedy Plan is maintained at \$70.5 million
- ❑ Funding for higher education increases \$68.2 million, including an additional \$10.7 million, for Community Colleges, and an increase in general funds for state scholarship programs by \$5.9 million or 19%.
- ❑ A \$12 million increase for programs to upgrade Historically Black Colleges and Universities and to increase the retention and graduation rates at these institutions.
- ❑ Higher Education Institutions receive a General Fund increase of \$35 million or almost 4% after FY 2002 reductions.
- ❑ The capital budget allocates \$503.7 million to construct new and to improve existing elementary, secondary, and post-secondary facilities.

For more information see page 10.

SMART GROWTH AND MASS TRANSIT

- ❑ Maryland GreenPrint, a systematic, statewide effort to identify and preserve Maryland's most ecologically valuable land, will receive \$25 million of bond authorization for land or easement acquisitions.
- ❑ \$38 million is provided to permanently preserve land in designated Rural Legacy areas.
- ❑ \$25 million is provided in the budget for the purchase of easements for agricultural land preservation
- ❑ To assure that revitalization efforts in older communities are successful, \$14.3 million is allocated in fiscal year 2003 for the Community Legacy Program to encourage revitalization of businesses and institutions in Priority Funding areas.
- ❑ To provide more park and open space in our older, more heavily populated neighborhoods, the budget authorizes \$15 million of bonds for a Community Parks & Playground Initiative.
- ❑ Significant funding for transit enhancements that support Smart Growth include: \$32.2 million to double-track part of the light rail line in Baltimore; \$92 million for the construction of the Metro rail extension from Addison Road to Largo; and \$4 million for the MARC line and other improvements at the new Silver Spring Transit Center.
For more information, see page 12.

ENVIRONMENTAL PROTECTION

- ❑ Additional funding of \$1.3 million for the Nutrient Management Program to reduce agricultural run-off.
- ❑ Nearly \$100,000 additional to implement provisions of the Chesapeake Bay Agreement concerning the Anacostia River and Baltimore Harbor.

Fiscal Year 2003 Budget Totals* (\$ millions)

	<u>FY 2003</u>	<u>% Increase over '02</u>	<u>Positions</u>	<u>FY 2003</u>	<u>% inc.</u>
General funds	10,825	-0.7%	Authorized	83,565	1.8%
Special funds	3,859	3.0%	Contractual	9,472	3.2%
Federal funds	5,208	6.0%	All Positions	93,037	2.0%
Higher Ed. funds	2,083	4.9%			
Total funds	\$21,975	2.0%			

*After contingent reductions

- ❑ Over \$4 million to improve for inspection and enforcement water, wetlands, solid waste, and hazardous materials.
- ❑ \$495,000 for research and restoration programs for blue crabs;
- ❑ Increased funding of \$200,000 to upgrade monitoring of Chesapeake Bay
For more information, see page 14.

CHILDREN AND FAMILIES

- ❑ This budget contains significant new funds to expand drug and alcohol treatment services including \$9 million to increase treatment capacity in Baltimore City and \$4 million for the statewide Substance Abuse Treatment Outcomes Partnership
- ❑ An additional \$4 million is provided for enhanced mental health treatment and prevention for children in school
- ❑ The budget funds an additional 108 child welfare workers to reduce caseload ratios.
- ❑ Funding for purchase of childcare increases by \$12.7 million.
For more information, see page 16.

SAFE COMMUNITIES

- ❑ Increases of \$4.6 million and 243 new positions to continue implementation of the multi-year staffing plan for correctional facilities to ensure the security and safety of staff and inmates.
- ❑ Nearly \$25 million is provided to upgrade Homeland Defense systems.
- ❑ \$923,000 to improve admissions, mental health and substance abuse screening services for youth entering the juvenile justice system
- ❑ An additional 17 positions to continue implementation of the four-year plan for Proactive Community Supervision in the Division of Parole and Probation
- ❑ \$6.9 million additional to continue improving information technology for public safety
- ❑ Deficiency funding is provided for a 35-member trooper class in Fiscal Year 2002.
For more information see page 18.

Maryland Budget Priorities

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Some totals in this book may not add due to rounding.

Budget Overview

Maryland Budget Priorities FY 2003

Maryland's budget for fiscal year 2003 was prepared during a period of significant challenges brought about by the national economic downturn and the events of September 11. The budget is balanced. It sustains the state's priority investments and fulfills on-going commitments. While requiring tough decisions, the budget maintains a 5% "Rainy Day" reserve for future needs.

Due to National Recession

State Revenue Estimates Reduced

Maryland's economy performed exceptionally well through the end of fiscal year 2001. As the national economy slowed and entered a recession in March 2001, Maryland's economy continued to create jobs, income and wealth. By most economic and revenue measures, the nationwide economic difficulties were not apparent in Maryland in mid-2001. The economic and revenue slowdown appeared in Maryland around the time of the terrorist attacks on September 11. The uncertainty occasioned by the events of September 11 served to exacerbate the effects of the national slowdown.

The state's Board of Revenue Estimates projects that overall general fund revenues will actually decline by 0.4% in 2002, or \$42.6 million (after accounting for amnesty and funds transferred from income tax reserves). This represents a \$157 million reduction from the estimate on which the fiscal year 2002 budget was based. In fiscal year 2003, general fund revenues will increase to \$9,787.3 million, or 0.4%.

Maryland's economy is well positioned to weather the recession. Several key economic indicators, such as job growth and unemployment, continue to out-perform the national average. And, we have wisely invested in education, which will strengthen our future prosperity.

Strengthening our Priorities

As shown in the chart on page 6, budget growth is concentrated in a few areas. Medicaid is the largest increase, reflecting larger caseloads and medical inflation. The fiscal year 2003 budget is \$227 million over the fiscal year 2002 appropriation in state funds. Included in this amount is \$31 million from tobacco settlement funds. In addition, a \$140 million deficiency appropriation addresses the current caseload, for a combined \$367 in new funding.

Funding for community services in mental health, developmental disabilities and substance abuse treatment adds another combined \$78 million.

Increased funding for education at all levels exceeds \$230 million: \$164 million for public schools and libraries and \$68 million for higher education programs. This includes \$7.5 million dedicated to enhancements at historically black colleges and universities as part of the state's agreement with the US Department of Education Office for Civil Rights.

Increases in Police, Public Safety and Corrections and Juvenile Justice add \$75 million. This includes staffing for new adult and juvenile institutions and additional parole and probation officers. A \$24 million security package addresses heightened security concerns in the wake of last September's terrorist attacks. This spending is from a combination of state and federal funds.

Increases in environmental protection and smart growth are carefully targeted to continue Maryland's strong land preservation successes, implement the Chesapeake 2000 agreements and improve environmental enforcement and compliance.

State Personnel Statistics

The number of authorized positions in state government totals 83,565, an increase of 1,518, or 1.8%. Staffing levels in most state agencies remain flat or decline. Over 1,000 of the added positions are in five agencies:

- ❑ 312 in the Judiciary;
- ❑ 262 for the Department of Public Safety and Correctional Services, due to staffing at new correctional institutions, increased security at all institutions and additional parole and probation officers;
- ❑ 246 for the University System of Maryland;
- ❑ 146 in the Department of Human Resources, including 64 child welfare workers; and
- ❑ 115 in Transportation mostly related to increased transit and anticipated growth in business at BWI Airport.

The number of contractual state employees will be 9,472. Contractual employees at the University System of Maryland increase by 291, mostly for instructional staff to handle higher enrollment. For all other agencies combined, contractual employment increases by only five positions.

Tough Decisions

Although revenues decline in a national recession, the demand on state government continues to increase. Students in public schools, colleges and universities require quality education and facilities. More people rely on medical assistance for basic health coverage. The importance of protecting the environment and strengthening communities does not diminish. To preserve these priority investments, tough decisions are required.

When the first signs of revenue declines hit Maryland in the fall, Governor Glendening implemented an immediate cost containment program. Construction projects were put on hold. New hiring was frozen. Operating budgets were reduced. These reduced spending levels are also reflected in the fiscal year 2003 budget.

Over the past four years, the state phased in 8% of a scheduled 10% income tax reduction. The final phase would

Status of the State General Fund \$ millions

	FY 2002	FY 2003
Beginning balance	538	494
Revenues	9,775	9,971
Transfer From Reserve	533	249
Other Transfers	228	115
Total	11,074	10,829
Expenditures	10,580	10,825
Ending balance	494	4
Less: Capital balances	-349	-
Operating balance	145	4

cost the state over \$175 million this fiscal year. The Administration will introduce legislation to defer the final phase of the tax cut so the funds may be used to strengthen Maryland's priorities.

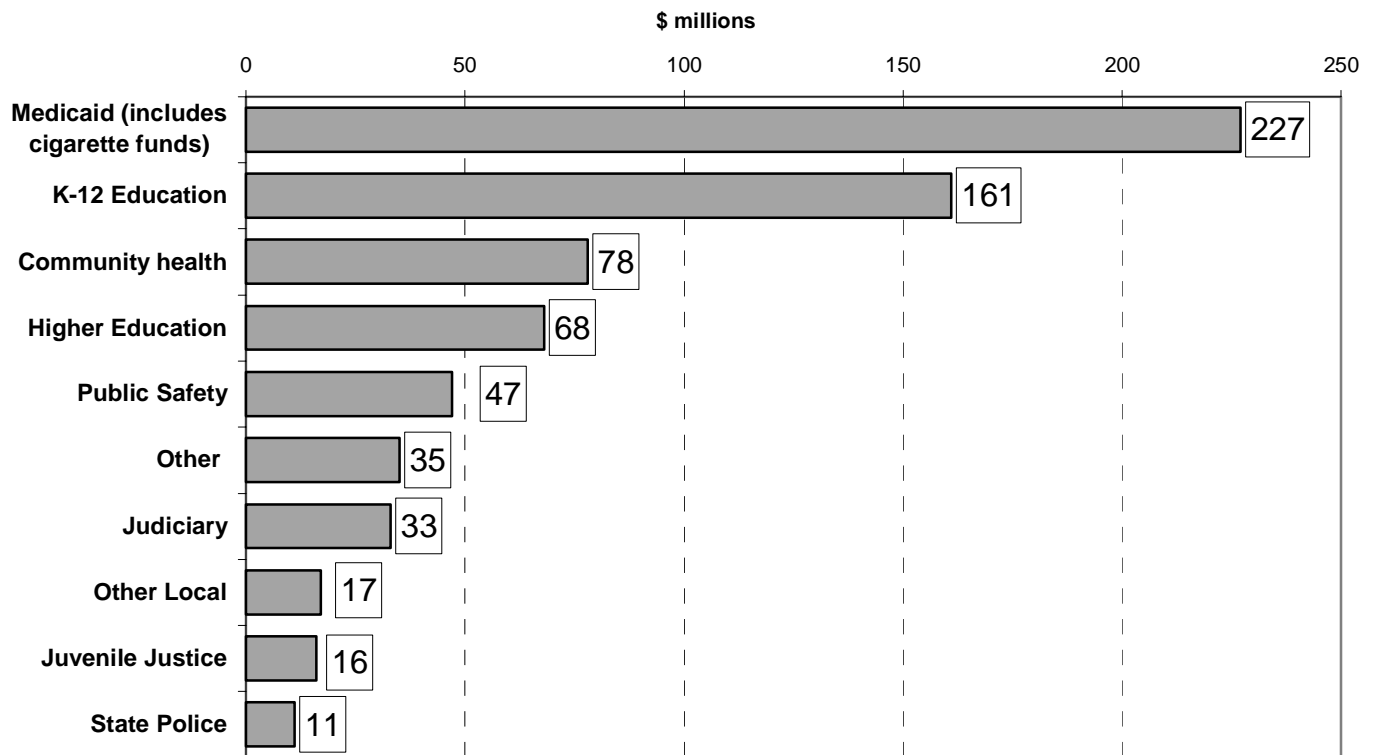
Over \$300 million of prior year funding for capital projects, which has not yet been expended, will be returned to the general fund. Many of these projects will be restored through



Budget Overview

Maryland Budget Priorities FY 2003

BUDGET INCREASES FY 2003 budget over FY 2002 appropriation



new bond authorizations within the state's established debt capacity. This will require authorizing approximately \$200 million more in bonds.

The national economy also had an adverse impact on the retirement system. Although the teachers' and employees' retirement systems had achieved full funding in 2000, 25 years ahead of schedule, the decline in investment markets reduced the funding ratio to about 98%. The current rate-setting process would have required a \$65 million general fund increase in the state's contribution to these systems. This increase is not needed to fund payments to current retirees. The budget proposes to fund the retirement contribution at the fiscal year 2002 level.

Over \$340 million of special fund balances, which have been built up during the economic expansion, will be transferred to the general fund. A portion of the state's reserve fund in excess of the 5% balance expected by credit rating agencies is also used to help balance the budget.

Maryland's Budget Process

The state Constitution requires that the Governor submit a balanced budget to the General Assembly by the third Wednesday in January, which falls on January 16.

Over the next 11 weeks, the legislature will review, hold hearings and consider the budget. The legislature's Department of Legislative Services will assist the House Committee on Appropriations and the Senate Budget and Taxation Committee in their review. The state Constitution provides that the legislature may reduce the amounts submitted by the Governor, but may not add to the budget or substitute items. (The budgets of the legislative and judicial branches of government are exceptions. The General Assembly may add to or re-arrange those budgets).

The House of Delegates and Senate alternate in taking first action on the budget. This year, the Senate will begin the process.

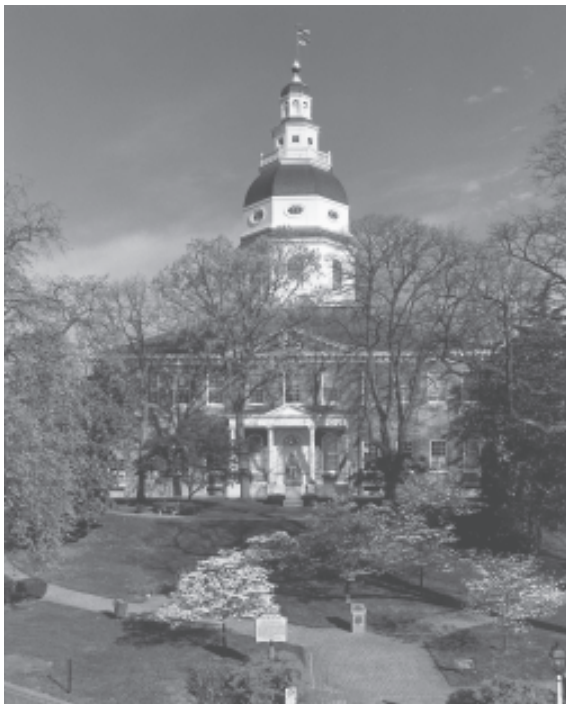
During legislative consideration, the Governor may submit "supplemental budgets." These budgets make corrections to the original budget, include funding for items required by new legislation and emergencies, or add items omitted from the original budget.

After the House and Senate have both acted, a conference committee of senators and delegates meets to resolve differences.

The legislature is required to enact the budget by the 83rd day of the legislative session - April 1 this year. The state Constitution requires that the budget also be balanced at this point. The budget becomes law upon passage by both houses of the legislature. The Governor's signature is not required.

Following enactment of the budget, the legislature acts on bond authorizations, which fund the major part of the capital budget. The legislature may also consider "supplementary appropriations bills" which authorize spending beyond the regular budget. Supplementary appropriation bills must contain a revenue source to support the authorized expenditures and are subject to line-item veto by the Governor.

Fiscal year 2003 begins July 1, 2002.



STATE BUDGETS UNDER STRESS ACROSS NATION

According to the National Association of State Budget Officers (NASBO), 38 states have reported budget shortfalls ranging from \$35 million to over \$8 billion. Several states announced budget shortfalls in the spring and late summer as the slowing national economy began to take hold. The recession and the additional economic fallout of the September 11 attacks now have affected every state.

The economic slowdown has forced many states to face serious revenue shortfalls and ever-increasing expenditure pressures. Sixteen states were forced to reduce their fiscal 2001 enacted budgets. Maryland experienced a revenue surplus in 2001.

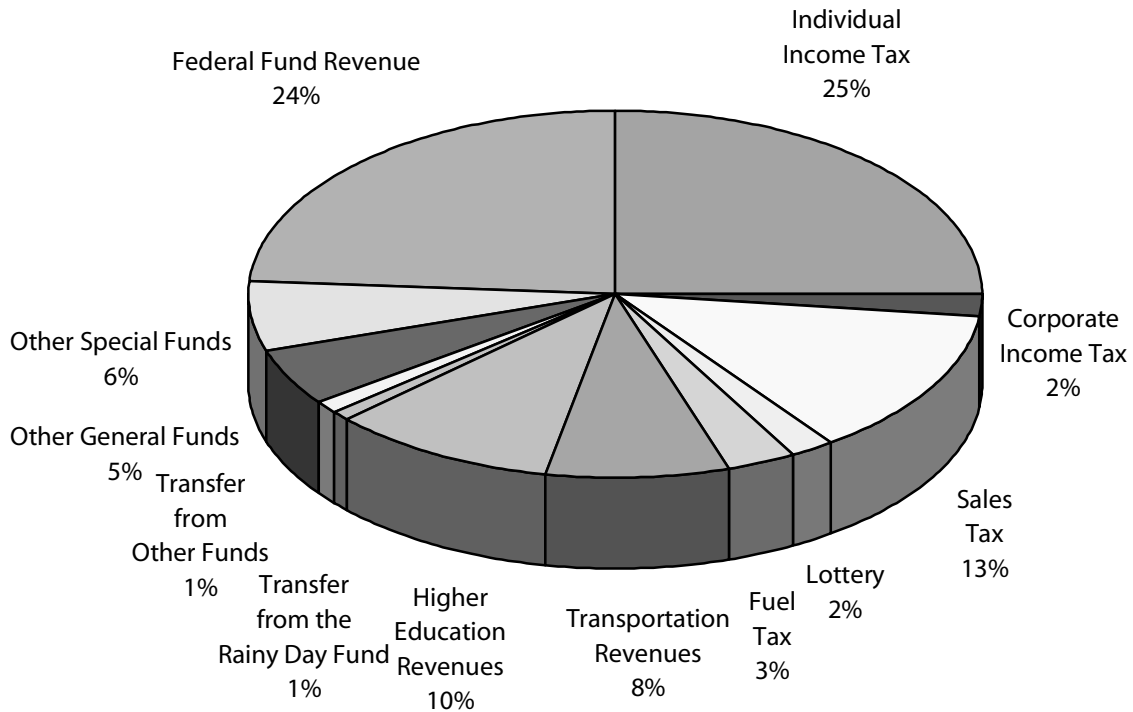
The current severe economic conditions mean that states' revenues have fallen far below original estimates, leading to budget shortfalls or significant fiscal woes in nearly every state. A preliminary review by NASBO indicates net state budget shortfalls of at least \$25 billion. These shortfalls represent more than three-quarters estimated year-end fiscal 2002 balances. By comparison, when states experienced large revenue shortfalls in 1991, they had to cut their budgets by \$7.6 billion.

Tax and fee changes will increase fiscal 2002 revenues by a net \$356.1 million. Fiscal 2002 ended seven consecutive years of net tax reductions that began during the surge in economic growth. The net tax increase reflects states' recognition of the anemic economy and its effect on their budgets as well as states' efforts to avoid service cuts.

Growth in Medicaid expenditures continues to strain many states' budgets. Medicaid spending accounts for nearly 20 percent of all state spending. According to a recent report on Medicaid budgets released by the Kaiser Commission on Medicaid and the Uninsured, Medicaid budgets are severely stressed nationally. In fiscal 2001, for instance, spending exceeded budgeted amounts in 37 states. Driving that spending are increased costs for pharmaceuticals—growing 18 percent annually—as well as increased demand by and costs for elderly and disabled populations. Due to the entitlement nature of Medicaid, cost savings are more limited than for discretionary programs. As of the beginning of fiscal 2002, 20 states indicate that Medicaid spending exceeds budgeted amounts.

Source: National Association of State Budget Officers, used with permission

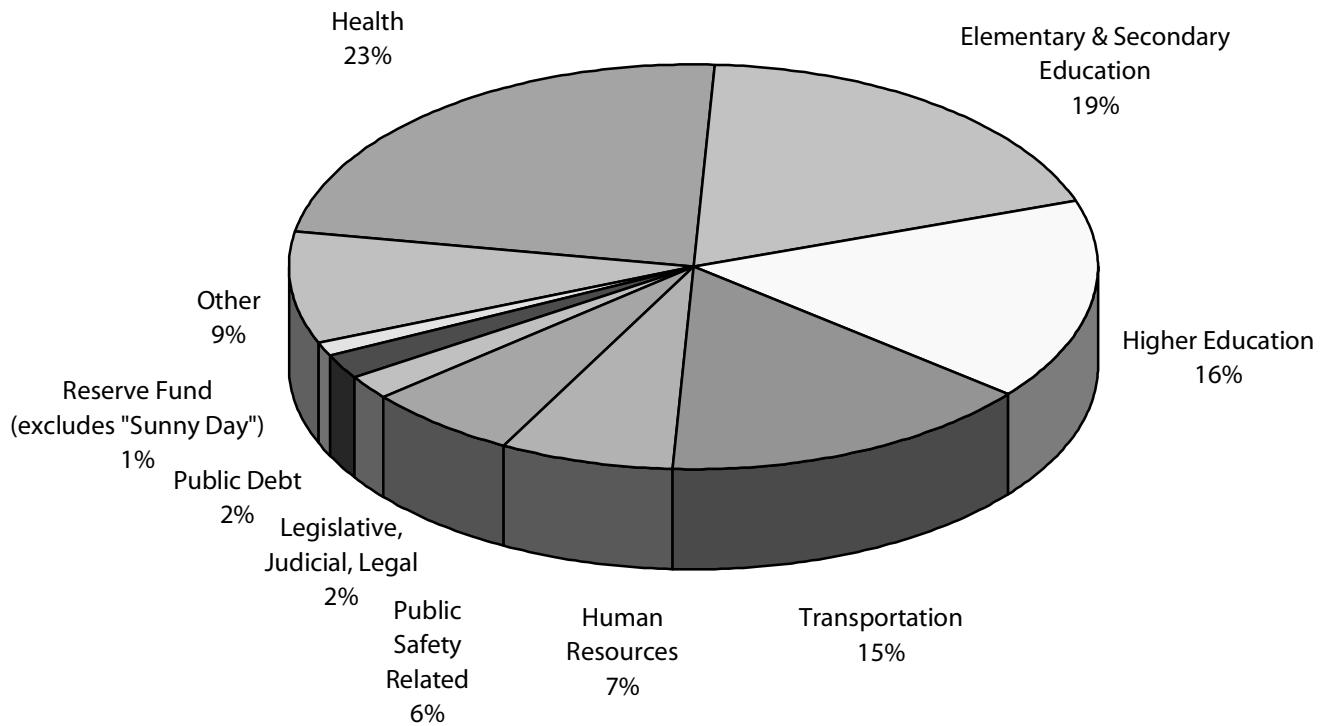
Revenues



Revenues (\$ millions)

	FY 2001	FY 2002	FY 2003	% change '03 over '02
Individual Income Tax	5,134	5,113	5,375	5.1%
Corporate Income Tax	493	351	397	13.1%
Sales Tax	2,646	2,667	2,777	4.1%
Lottery	433	447	456	2.0%
Fuel Tax	687	687	696	1.3%
Transportation Revenues	1,349	1,449	1,605	10.8%
Higher Education Revenues	1,860	1,984	2,083	5.0%
Transfer from the Rainy Day Fund	30	533	249	-53.3%
Transfer from other funds		325	115	-64.6%
Other General Funds	1,270	1,343	1,147	-14.6%
Other Special Funds	1,414	1,464	1,389	-5.1%
Federal Fund Revenue	4,344	4,914	5,208	6.0%
Total Revenues	19,660	21,277	21,497	1.0%
Changes in Balance & Reversions	405	296	664	
Total Available	20,065	21,573	22,161	2.7%

Expenditures



Expenditures (\$ millions)

	FY 2001	FY 2002	FY 2003	% change '03 over '02
Health	4,393	4,888	5,190	6.2%
Elementary & Secondary Education	3,675	3,876	4,123	6.4%
Higher Education	3,059	3,300	3,480	5.5%
Transportation	2,774	3,047	3,293	8.1%
Human Resources	1,482	1,524	1,563	2.6%
Public Safety Related	1,279	1,352	1,419	5.0%
Legislative, Judicial, Legal	404	448	482	7.6%
Public Debt	373	397	405	2.0%
Reserve Fund (excludes "Sunny Day")	376	222	186	-16.2%
Other	2,251	2,518	2,019	-19.8%
Total	20,065	21,573	22,161	2.7%

Improving Education

Maryland Budget Priorities FY 2003

Education of Maryland's youth is critically important for ensuring the future of the state's workforce and economy. Improving education at all levels guarantees Maryland's youth the opportunity to contribute to the state's economy and its role in the national and international market.

The state continues to build on our efforts to provide an educational system that offers a modernized learning environment, advanced curriculum and a strong certified and professional workforce. Education programs comprise 45 percent of the general fund budget. Despite tight fiscal conditions, the Governor's education budget increases by more than 5 percent over fiscal year 2002.

Elementary and Secondary Education

Elementary and secondary education is the foundation upon which all subsequent learning and skill acquisition must build. Maryland continues to pursue innovative and proven strategies to improve the performance of schools and children. The budget contains funding to improve educational outcomes in the early years of a child's life, to improve recruitment and retention of qualified teachers, and to address needs in the Baltimore City Public School System. The allowance totals \$4 billion.

Direct state education aid, mandated by statutory funding formula is \$2.2 billion, an increase of \$118.6 million. Significant increases in mandated state aid programs include the following:

- ❑ \$82.8 million in the State's Basic Current Expense program, which is the basic foundation for all educational needs;
- ❑ \$24.8 million in the Comprehensive Education formula aid for students with special education needs resulting from disadvantaged environments;
- ❑ \$5.6 million in transportation grants due to inflationary adjustments and increased enrollment; and
- ❑ \$5.3 million increase in formula aid for special education students placed in non-public day and residential programs.

State education aid not mandated by statutory funding formula is funded at \$449.9 million, an increase of \$32.8 million. This growth provides \$10.5 million more to reduce class size and increase the number of certified teachers as well as \$2.2 million more to upgrade substandard "reconstituted" schools. There is also \$2 million in the budget to continue the Alternative School Pilot Program.

Enhancements for correctional education programs are included in the budget. There is a \$1.8 million increase for ex-

pansion of the Correctional Education workforce. This will fund staffing and equipment for the new correctional facility in Western Maryland, provide an additional 21 staff to address increased need, and expand the YES NetWork, a post-release employment support and mentoring program.

The budget also continues several components targeted to early childhood education, in order to improve educational outcomes in the early years:

- ❑ \$19 million to be distributed to local school systems for improvements in pre-kindergarten to third grade;
- ❑ \$10.6 million for the Judith Hoyer Centers, which bring together an array of early childhood family services; and
- ❑ \$19.3 million for the Extended Elementary Education Program, targeting four-year-old children who are at risk of school failure.

Other significant ongoing commitments in the budget include \$70.5 million for the City Partnership and \$19.1 million for the Academic Intervention Programs. Both initiatives target improved educational services for specific student populations. The City Partnership Program, which includes the Baltimore City Remedy Plan, seeks to improve the education of Baltimore City children. The Academic Intervention Program provides direct intervention services to students with deficiencies in reading and mathematics.

Since FY 1995, the budget for the Maryland State Department of Education has increased by a total of \$1.47 billion, an increase of 57.5 percent. These additional resources have enabled Maryland to be rated as one of the best states in the nation in terms of standards and accountability, graduation rates and family involvement. For instance, Maryland received the National Education Goals Panel 1999 Gold Star for having the nation's highest high school completion rate. Also, in 2001, Maryland ranked fifth in the nation for its cumulative SAT score among those states with a participation rate of 65% or higher.

Four-Year Higher Education Institutions

The fiscal year 2003 budget continues the allocation of significant program and infrastructure enhancements to higher education institutions. Since FY 1995, higher education institutions have realized a 63 percent gain, or \$385 million. To strengthen Maryland's workforce, our higher education institutions require the resources and tools to achieve excellence

in research and advancement in knowledge for undergraduate, graduate and professional students. This budget continues the focus on advancing science and technology, gaining national and international academic recognition, and improving access to economically disadvantaged students and under-served areas of the state. Capital funds support high quality education with improved campus development.

The University System of Maryland's (USM) network of 13 institutions enrolls nearly 130,000 students worldwide in 600 degree programs delivered in classrooms, laboratories, education centers, and online. The USM's nationally ranked programs, leading-edge research collaborations, and innovative business partnerships provide opportunities that prepare students for both the promises and demands of the new century. As evidenced by continued across the board increases in enrollments, USM institutions are affordable to the majority of students. In fact, in 1996, Maryland was among the top half of states in the percentage of college students who are enrolled at public institutions (83%). Almost half of all of Maryland's 18 to 24-year olds enroll in college-level courses, making Maryland a top performer in the nation. Maryland is a national leader in the number of adults with bachelor's degrees or higher (32% in 1998).

The total funding allowance for Maryland's higher education institutions is \$3.1 billion. This is an increase of nearly 5 percent above the fiscal year 2002 appropriation. The Governor has included a General Fund increase of \$35 million, or almost 4 percent.

The FY 2003 budget includes these increases in proposed state appropriations for higher education institutions:

- \$39.8 million for the University System of Maryland including proposed COLA;
- \$2.5 million for Morgan State University including proposed COLA;
- \$600,000 for St. Mary's College; and
- \$1.2 million for Baltimore City Community College

Community Colleges & Independent Institutions

Community colleges offer an important means for many people to develop their skills, knowledge, and abilities in preparation for further education or employment. Maryland has and continues to provide significant funding to its community college system. Direct aid to community colleges will total \$167.2 million in FY 2003, an increase of \$8.6 million or 5.4 percent over FY 2002. Aid to non-public colleges will total \$49 million, or a 6.7 percent increase, due to a 4 percent overall increase and the addition of two newly eligible institutions, Columbia Union College and Baltimore Hebrew University. Since FY 1995, both aid programs have experienced sizeable enhance-

ments. Direct aid to community colleges has increased by 86 percent or \$76 million. Aid to non-public colleges and universities within Maryland increased by 87 percent or \$23 million, for a total of \$49 million.

Scholarship Programs

Scholarship aid plays a critical role in expanding educational opportunities for the citizens of Maryland. Funding for scholarship programs has increased 170 percent since FY 1995 - a total of \$54.6 million. Included in the funds available for scholarships are recent programs to keep the best and brightest students in Maryland pursuing programs of great need and promise. These include the Maryland Teacher Scholarships, the Maryland Science and Technology Scholarships, and the Maryland HOPE Scholarships. Funding for HOPE Scholarships increased by \$5.6 million from the FY 2002 amount. Funding for these programs totals over \$26 million in FY 2003. As a consequence of these investments, the number of graduates in information technology is estimated to increase from 2,321 in FY 2000 to 2,900 in FY 2003. The number of new certified teachers in shortage areas is estimated to increase from 608 in FY 2001 to 720 in FY 2003.

The Educational Excellence Award (EEA) program has been increased by \$22 million since 1995 to a total of \$39 million. EEA provides grants to full-time undergraduate students from low and moderate-income families who demonstrate financial need. This investment has helped increase the "chance for college" rate for students from low-income families from 32.9 percent in FY 2001 to an estimated 34 percent in FY 2003.

The Access and Success program and an additional Historically Black College and University Enhancement Fund will total \$12 million in FY 2003, including \$1 million from Cigarette Restitution Funds (CRF). These programs are intended to help raise graduation rates at historically black institutions and to support "best practices" as well as to fund debt service on \$75 million additional capital projects at the four historically black colleges and universities. Between FY 2000 and FY 2003, it is estimated the six-year graduation rate of students at Historically Black Colleges and Universities in Maryland will rise by 7.3 %, from 35.2 % to 42.5 %.

Capital Projects for Educational Facilities

The fiscal year 2003 capital budget allocates \$503.7 million to construct new and improve existing elementary, secondary and post-secondary facilities. For elementary and secondary education, the budget dedicates \$239.5 million, including PAYGO, to improve existing and construct new classrooms. Post-secondary education is allocated a total of \$264.2 million, with specific emphasis on improving science and technology facilities

Promoting Smart Growth & Mass Transit

Maryland Budget Priorities FY 2003

"Smart Growth is the fight against unplanned or poorly planned development, what we know as sprawl, and the fight for prosperity and a better quality of life ... Sprawl did not spread overnight. It will not stop overnight. But if we change our behavior and our priorities today, we will be shaping a better world for tomorrow."

Governor Parris N. Glendening, November 28, 2001

Maryland's Smart Growth and Neighborhood Conservation initiative continues to be the premier land use program in the nation. Four years after its enactment, Maryland's program became the centerpiece of discussions about land use issues by the nation's governors as part of Governor Glendening's "Growth and Quality of Life" initiative during his year as chairman of the National Governors Association. The new National Center for Smart Growth Research and Education at the University of Maryland, College Park is attracting students from across the nation – and from across Maryland – who want to learn more about Smart Growth and strategies to implement it at the local level.

Each year since the Smart Growth program began in 1997, the Governor and the General Assembly have expanded, improved and refined the array of incentives designed to encourage a smarter growth pattern in Maryland. The budget builds on that foundation.

Land Preservation

In 2000, the Sierra Club ranked Maryland first among the 50 states in protecting open spaces. Land preservation efforts have accelerated since then. In fact, the amount of land pro-

tected in the state has increased by 40 percent in just the past seven years. In 1994, Maryland had protected 589,000 acres through various state/local partnerships. That number now stands at 996,636 acres.

In an effort to protect Maryland's best remaining "green infrastructure" before it is irretrievably lost to unplanned or poorly planned development, the fiscal year 2003 spending plan contains three significant land preservation allocations:

- ❑ \$25 million in general obligation bonds is authorized for the Department of Natural Resources for land or easement acquisitions under the state's landmark GreenPrint program, which received the 2001 Kodak America Award for progressive land preservation.
- ❑ Nearly \$38 million (\$25 million in general obligation bonds plus \$12.7 million in special funds) is authorized to continue the land and easement acquisitions under DNR's Rural Legacy Program, under which more than 54,000 acres has already been identified for permanent preservation.
- ❑ Almost \$57 million for Program Open Space, a nationally recognized program that provides funding for Maryland's state and local parks and conservation areas. Established in 1969, Program Open Space represents Maryland's long-term commitment to conserving natural resources while providing exceptional outdoor recreation opportunities.
- ❑ \$25 million to the Department of Agriculture for purchase of protective easements on an estimated 12,550 acres of prime farmland.

In addition, the budget includes \$269,000 and two new positions within the Maryland Department of Planning to monitor and evaluate the state's success in meeting land preservation and reduction in land conversion goals established as part of the regional Chesapeake 2000 Bay Protection Agreement.

Community Revitalization

While much emphasis has been placed on land preservation efforts, the Smart Growth initiative focuses equal attention on supporting the revitalization efforts within Maryland's towns, cities and communities. Consistent with the coordinated ap-



proach of Smart Growth, assistance to local jurisdictions springs from several different departments:

- ❑ To provide more park and open space opportunities within the state's older and more heavily populated communities, the budget authorizes \$15 million in general obligation bonds to improve and expand parks and playgrounds in the second year of the Department of Natural Resources' Community Parks and Playgrounds initiative.
- ❑ A total of \$14.3 million is allocated to the Department of Housing and Community Development to provide targeted revitalization assistance under the Community Legacy Program. This program provides funding to projects within Priority Funding Areas whose residents, businesses and institutions are committed to an ambitious revitalization strategy and have demonstrated a strong commitment to Smart Growth. When this program was created last year, interest was overwhelming: 92 applications requesting more than \$100 million were received for the \$10 million available. After careful evaluation of the applications, funds were distributed to 52 communities around the State.
- ❑ DHCD's Neighborhood Business Development Program is funded at \$8 million, the same level as last year. Since its creation six years ago, this program of assistance to small businesses within Priority Funding Areas has leveraged more than \$124 million in public and private investment, created more than 3,100 new jobs and helped retain nearly 4,400 other jobs.
- ❑ Funding for the "Live Near Your Work" program, a partnership program between the state, private and public employers and the jurisdictions in which they are located, is at \$350,000. This amount includes a \$250,000 increase that reflects the growing popularity of a program designed to encourage workers to live near their jobs as well as the decision to make this Smart Growth incentive available to state employees.

Providing Transportation Options

To make Smart Growth work, the Maryland Department of Transportation is providing Maryland citizens with a balanced transportation system that offers an array of transportation options. To that end, the budget includes:

- ❑ \$32.2 million for the Mass Transit Administration to install a double-track light rail line through Baltimore, which when completed will result in more frequent service.
- ❑ Capital costs for transit improvements in the Washington region total \$221 million, including \$92 million for the state share of construction of the Metro Rail extension from Addison Road to Largo.



- ❑ The budget also includes \$21.8 million for normal bus and rail car replacement in the Washington area and \$30.5 million for ongoing equipment and bus replacement in the Baltimore area.
- ❑ \$6.6 million for rail improvements to complete the new MARC commuter line to Frederick.
- ❑ \$4 million to relocate the MARC line and make other improvements at the new Silver Spring Transit Center in Montgomery County.
- ❑ \$2.7 million from the State Highway Administration for construction of the Highlands Trail in Allegany County, which ultimately will allow travelers on the C&O Canal to hike all the way to Pittsburgh.
- ❑ \$1.3 million to SHA for a Neighborhood Conservation project in Easton.

Assuring Environmental Justice

To assure that low-income and minority communities are informed about environmental decision-making, planning and related policies, the budget includes \$165,000 to expand the Department of Environment's Environmental Justice initiative.

Coordinating Smart Growth

To better coordinate the Smart Growth initiative, the General Assembly last year created the new Office of Smart Growth as a "one-stop-shop" on Smart Growth issues within the Governor's office. The office is already working with local government and private developers to assist with dozens of projects to coordinate the various state departments and agencies that play a role in Smart Growth and to expand education and outreach activities in support of the Smart Growth effort.

As envisioned by the General Assembly, the Office of Smart Growth is staffed primarily by personnel donated from other agencies. Outside requests for participation and project assistance from the office have already surpassed expectations. Consequently, the budget includes \$214,000 to add five positions.

Protecting the Environment

Maryland Budget Priorities FY 2003

In protecting and encouraging the sustainability of the state's valuable natural resources, Maryland approaches its environmental policies comprehensively. The State's efforts recognize the importance of achieving a balance between often competing needs of resource use and protection.

Protecting the Chesapeake Bay

Perhaps Maryland's most treasured resource, the Chesapeake Bay continues to serve as a focal point of commerce, recreation, agriculture, industry, wildlife and tourism. Protecting this vital asset continues to be a top priority for Governor Glendening so that the Bay remains a sustainable resource for generations to come.

In support of these objectives, the budget includes the following:

- ❑ Additional funding of \$1.3 million has been provided for the Nutrient Management Program to continue ongoing support for development of plans to reduce the amount of nitrogen and phosphorus entering the Chesapeake Bay.
- ❑ An increase of \$500,000 for the cover crop program, administered by the Department of Agriculture, bringing total funding to \$3 million. Under the program, Maryland farmers plant small grain crops to reduce the leaching of unused crop nutrients to the groundwater during the fall and winter months, thereby protecting water quality in local waterways and the Chesapeake Bay. Erosion control is a secondary benefit.
- ❑ \$189,000 for preservation and restoration of wetlands so that Maryland can work with other states, local and private parties involved in the Wetlands Steering Committee to implement the Governor's commitment to restoring 60,000 acres of wetlands. In addition, this program will provide information and assistance to local governments and community groups for use in wetlands preservation plans as a component of locally based, integrated watershed management plans.
- ❑ Almost \$100,000 of additional funds to meet the commitment of the Chesapeake Bay Agreement by 2010. Maryland must work with the District of Columbia, the City of Baltimore and other watershed partners to reduce pollution in the Anacostia River and Baltimore Harbor. The state will implement stormwater management strategies to control nutrient, sediment and chemical contaminant runoff from state, federal and District owned land and work with local jurisdictions to evaluate local implementation of water quality protection programs affecting the Bay system.

- ❑ \$250,000 in the Department of Natural Resources for the Green Building initiative, which will provide assistance to developers and local governments to implement environmentally sound business practices.
- ❑ An additional \$269,000 for the Department of Planning to provide for the development of computer modeling techniques and local government assistance for watershed-based assessments and environmentally sound planning.

Continuing Conservation Efforts

Recognizing the importance of sustainability and viability of natural ecosystems, Governor Glendening continues the efforts toward environmental conservation that he has led throughout his two terms. The budget continues programs that have proven successful in conserving Maryland's natural resources. Enhancements have also been included to recognize the ever-changing environmental realities and to address pressing environmental concerns.

- ❑ The budget contains almost \$120,000 to expand the Department of Natural Resources' terrapin conservation and stewardship efforts. This program, which is designed to engage the non-angling public in fishery management and natural resource conservation issues, has generated a great deal of interest within schools and community groups. The department's budget also includes \$177,000 to support the development and implementation of fishery management plans for blue crabs, hard clams and finfish.
- ❑ An allowance of \$290,300 will allow DNR to expand its submerged aquatic vegetation (SAV) restoration efforts. This initiative will enable schools and community groups to participate in SAV restoration, which is essential to the health of the Bay.
- ❑ The Department of Agriculture's Office of Resource Conservation works closely with Maryland farmers to plan and implement conservation practices and programs that balance crop and livestock production with the need to protect natural resources. Resource Conservation provides a range of educational, financial, technical assistance and regu-

latory programs to support agriculture and protect natural resources for future generations. The Maryland Agricultural Water Quality Cost-Share (MACS) Program helps farmers implement eligible best management practices on their farms to protect water quality in local streams, rivers and the Chesapeake Bay. The capital budget has \$6.6 million of general obligation bonds for this program.

- ❑ The budget also includes \$967,000 of increased funding to support inspection and enforcement efforts related to water, solid waste and wetlands. An increase of \$115,000 will support additional staff to inspect and monitor groundwater at landfills to improve the safety of Marylanders residing near landfills and help prevent water and air pollution from these facilities. The budget also includes \$163,000 for additional wetlands inspectors and a \$689,000 increase in the Water Management Administration's Compliance and Enforcement Program. This is the third and final year of the program to increase a wide range of inspections of federal and state permitted facilities, tidal and non-tidal wetlands, coal and non-coal mining operations, oil and gas exploration, sediment control and stormwater management.
- ❑ The budget also includes \$3.7 million and 46 new positions related to proposed fee legislation in the water, solid waste and hazardous materials areas. This proposed expenditure will support additional enforcement personnel, permit writers and emergency response planners, as well as recycling programs, market development and data management.



Investing in Resource Restoration

In addition to the intrinsic value of the state's natural resources, large numbers of Marylanders depend directly on these resources for their livelihoods. The economic and commercial value of these resources is unquestioned, and the budget continues efforts to strike a sustainable balance between economic and conservation concerns. The state's restoration programs help to achieve this balance.

For example, the budget contains \$495,000 to support programs related to the research and restoration of the blue crab population. New research may shed light on methods of restoring the population. The budget also includes \$3 million for oyster restoration.

An additional \$200,000 will allow the Department of Natural Resources to continue its stream and Chesapeake Bay monitoring efforts, including developing specific pollution reduction strategies and evaluating restoration projects.

Enhancing Recreation Opportunities

From the shores of Ocean City to the mountains of Western Maryland, the state provides a host of recreational opportunities for the enjoyment of Marylanders and tourists alike. The budget will enhance these opportunities. For example, \$1.3 million for operating expenses will continue improvements to our state parks. This is the second of a two-year initiative to improve park conditions and service to park visitors by increasing funding for seasonal employees.

Protecting Children & Preserving Families

Maryland Budget Priorities FY 2003

Maryland has been making significant investments to address the risks that families face. These investments have continued in fiscal year 2003 in spite of challenging economic times.

Results & Accountability

The Maryland Partnership for Children, Youth and Families leads the effort to achieve results-based, locally driven and collaborative human service delivery systems. The results of this work are reflected in the document, *Maryland's Results for Child Well-Being*. This document updates the progress Maryland has made on providing for the well being of Maryland children. The publication tracks the continuing work of the Partnership to review, refine and improve indicators of child welfare. These indicators include: Babies Born Healthy; Healthy Children; Children Entering School Ready to Learn; Children Successful in School; Children Completing School; Children Safe in Their Families and Communities; Stable and Economically Independent Families; Communities Which Support Family Life.

Maryland has been successful at achieving in these targeted performance areas. For example, the report notes that the infant mortality rate has been falling in Maryland to a record low in 1999 of 8.3 infant deaths per 1,000 live births. Maryland has exceeded the national average in the percent of two-year old children immunized in most years since 1994. There has also been a "measurable improvement" in reducing the Maryland public schools absentee rate since 1995. Finally, the performance report notes that Maryland has been following the national trend of a reduction in the number of child neglect and abuse cases being reported.

Support for Working Families

Maryland has become a national leader in successfully moving families from public assistance to economic self-sufficiency. Local departments of social services, working with a wide range of local partners, have devised creative and flexible strategies that enable families to become more economically independent.

These strategies include the increased enforcement of child support obligations, encouraging up-front job search activities, ensuring access to quality child care, providing full medical assistance coverage, providing life skills and job skills training opportunities, and supplying reliable transportation alternatives for parents who are working.

The strategies have produced significant results. The Temporary Cash Assistance caseload has declined from a peak of 227,887 in January 1995 to an anticipated 73,835 for fiscal year 2003. Many former assistance recipients have successfully transitioned from welfare to work. For example, 50% of

those employed have secured a 50% gain in earnings, and 77% of those individuals have retained employment for more than one calendar quarter. Finally, the total number of families at risk of reaching the 60-month time limit has dwindled to 1%.

Child Care

The availability of quality childcare is critical for low income families to successfully make the transition from welfare to work. Maryland has deployed a number of strategies to increase the availability of this vital service. Child-care provider staff training gives providers a core body of knowledge in early childhood education. Both technical assistance in continuing education, and a mentoring system is also available to child-care providers. The eligibility requirements for purchase of care assistance have been raised to 45% of the state median income. This, combined with other income disregards and reduced co-pay requirements, will facilitate access to child care for many former temporary cash assistance customers. These strategies have been successful in creating a situation where it is estimated that 77% of low-income, working families will have child care co-payments below 10% of their annual gross income. In fiscal year 2003, \$138 million is budgeted for the purchase of child care, an increase of \$12.7 million over fiscal year 2002.

Child Welfare

Over the last four years, Maryland has developed and employed a redesigned child welfare service delivery system. The reengineering of the system included the addition of peer reviews, consulting, and a revision of local department of social services practices. Caseworkers participated in competency training, testing, and certification with salary upgrades upon successful completion. For the budgets spanning fiscal years 2002 and 2003, the equivalent of 217 additional child welfare caseworkers have been added so that as of June 30, 2003 the child welfare caseload ratio will be in compliance with staffing standards of the Child Welfare League of America.

Comprehensive Service Model

Maryland has undertaken an ambitious initiative to develop a model of providing comprehensive early childhood education and family support services in a single community setting. The "Judy Centers," named after Judith P. Hoyer, are

school-based or school-linked centers designed to improve children's social, linguistic, cognitive, and physical skills and prepare them for a lifetime of learning. The Governor's budget continues to support "Judy Centers" by providing \$10.6 million in funding.

Healthy Children

In a continuing effort to ensure that Maryland children have access to affordable and quality health care, the Maryland Children's Health Program is expected to provide medical services to over 116,000 children and 850 pregnant women in fiscal year 2003. This program, in its fourth year, has expanded eligibility to include children from families with incomes up to 300% of the federal poverty level. Pregnant women are now covered with incomes up to 250% of federal poverty level.

The eligibility expansion and caseload increases have resulted in more of Maryland's children receiving necessary health services. The percentage of eligible children receiving dental services has grown from 16.5% in fiscal year 2000 to a projected 50% in fiscal year 2003. Similarly the percentage of eligible children age 2 receiving necessary immunizations has increased from 75% in fiscal year 2000 to an estimated 85% in fiscal year 2003.

Substance Abuse

Over the past decade, many of the families seeking assistance from either child welfare services or family investment services have also experienced substance abuse problems. To this end, Maryland has implemented a program of cross training for both child welfare and addictions services caseworkers. In addition, addictions specialists are being placed in local departments of social services to facilitate the identification and treatment referral of substance abuse victims.

Maryland is continuing the Substance Abuse Treatment Outcomes Partnership (S.T.O.P.). Under this program, drug treatment options are established for underserved populations such as pregnant women, adolescents, and families. For fiscal year 2003, \$8 mil-

lion in state funds will be available to be matched with local or regional funds to produce a combined \$16 million in treatment funding.

The allowance includes \$9 million for substance abuse services targeted towards Baltimore City. This represents the final installment in a \$25 million initiative over three years.

The availability of these and other treatment options has resulted in 80% of mothers delivering drug-affected newborns being placed into treatment programs. This is an increase from only 22% in fiscal year 2000.

Community Based Services

\$1.5 million is provided in fiscal year 2003 for mental health and other critical support services to youth who are returning to their homes after placement in juvenile justice facilities. These aftercare services include intensive, neighborhood-based team supervision to facilitate returning the youth to their families. An additional \$4 million is provided for enhanced mental health treatment and prevention services to children in school settings.

\$2.5 million is targeted to support community-based supervision, services, and treatment for youth who are living at home. This enhancement will increase the capacity of community institutions. Consequently, a broad range of supervision and services can be offered in neighborhoods where juvenile crime is concentrated.

More than \$60 million in new funding is being included in the Department of Health and Mental Hygiene budget to provide community services to individuals with developmental disabilities or mental illness. This new funding will allow additional individuals to receive services in more supportive environments, presumably closer to their families. This new funding also continues the Administration's commitment of moving individuals from institutional settings into the community.



Making Communities Safer

Maryland Budget Priorities FY 2003

We are fundamentally changing the way we fight crime in Maryland. All across our State, police, prosecutors and probation agents are joining with parents, volunteers, businesses, teachers and religious organizations in powerful new partnerships that are making our communities safer.

Maryland's crime rate continued its downward trend, once again posting the lowest rate on record (4,839 Part 1 crimes - Murder, Rape, Robbery, Aggravated Assault, Burglary, Larceny/Theft, and Vehicle Theft - per 100,000 population) since uniform reporting began in 1975. Leading the drop in crime is the lowest incidence of gun violence since 1976, "Aggravated Assaults with a Firearm" decreased 27% in 2000 and "Homicide with a firearm" dropped 19.8%. Crime in HotSpot Communities dropped by 27% over the first four years of the initiative. Drug use by offenders under community supervision who receive regular drug testing under the Break the Cycle initiative is down by 38%.

The fiscal year 2003 budget strives to accelerate these favorable trends with strategic enhancements of elements of the administration's four-part crime control and prevention strategy. The budget includes critical investments in information technology and community partnerships to bolster the ability of state and local public safety agencies to ensure Marylanders are safe. For instance, in 2003 the State Aid for Police Protection Program will provide an additional \$1.8 million for grants to subdivisions and qualifying municipalities for police protection.

Public Safety Technology Investment

This year an additional \$6.9 million is provided to continue improvements and stabilization of current information technology infrastructure as well as deployment of new information technology systems. This funding ensures that law enforcement personnel throughout the state will have uninterrupted 24-hour/7-day-a-week access to timely data. Immediate access is crucial to effective law enforcement because failure to have the information puts officers in jeopardy of releasing dangerous and/or wanted offenders. More importantly, the lack of access may leave officers vulnerable to injury since they would be unaware of the criminal history of individuals being pursued, questioned or detained. During the eight years of this Administration, the Department of Public Safety and Correctional Services (DPSCS) has received over \$45 million for information technology endeavors.

Targeting High Risk Offenders

The Department of Public Safety and Correctional Services estimates a slight increase in the average daily population in correctional facilities this year. To provide prison space and

security for incarcerated violent offenders, \$4.6 million supports 243 additional correctional officer positions. These new positions are based on the updated 1995-staffing plan that is designed to enhance security, service delivery, programming for the burgeoning inmate population, as well as reduce overtime expenses. This is the second year of a five-year plan to increase staff to required levels.

An enhancement of \$288,000 allows for the addition of 17 agents for the year two continuation of the four-year staffing plan for Proactive Community Supervision of parolees and probationers. When fully realized, this plan will decrease caseloads, enhance community visibility, reduce recidivism and increase staff interaction with parolees and probationers. The total Proactive Community Supervision package will cost nearly \$15 million over the four-year period and will add 244 agents, 41 supervisors, 81 support staff and 40 contractual agent assistants.

The Administration has been at the forefront of expanding and adopting innovative alternatives to incarceration programs for non-violent offenders such as the Drinking Driver Monitoring Program, Break the Cycle, Correction Options Program and drug treatment court. In particular, Break the Cycle's Year Two Implementation report noted that in the Montgomery County Rapid Sanction Pilot Project, agents responded to offender violations 97% of the time. Prior to Break the Cycle, the judiciary took an average of 152 days to hold a probation revocation hearing. However, since the advent of Break the Cycle in 1998, the average number of days dropped to 120 in 1999 and 86 in 2000.

Ensuring that indigent defendants are adequately represented is an important component of the criminal justice system. The Office of the Public Defender has a budget increase of \$2.1 million to fund higher staffing levels, increased costs for panel attorneys, expert witnesses and court transcripts.

The budget contains \$448,000 for five new Cease Fire unit positions to increase the monitoring of secondary gun sales.

More Access to Drug Treatment Services

Baltimore City has seen an increase in thefts, robberies and murders that are related to alcohol and illicit drugs. Many

studies have proven that treatment programs are effective in reducing drug use and addiction. The budget includes a \$9 million increase for drug treatment funding in Baltimore City, the last payment of a three-year \$25 million commitment to the City. This year's increase will serve an estimated 3,090 patients, providing additional services for jail intermediate treatment, methadone treatment, drug-free outpatient treatment, inpatient detoxification and intermediate care.

An additional \$4 million for a total of \$8 million is included for the Substance Abuse Treatment Outcome Partnership (S.T.O.P) program. The funding is to supplement existing levels of spending on programs submitted by local jurisdictions to provide substance abuse treatment services to eligible residents within the requesting jurisdiction.

Prevent Youth Violence, Drug Use and Gangs

It has been recognized that an increasing number of juveniles entering the justice system have substance abuse and or mental health issues. The Administration is placing increased attention on the front end of the juvenile justice system to recognize and assist youthful offenders and their families. The budget provides \$923,000 for enhanced admissions, mental health and substance abuse screening services of youth entering the juvenile justice system.

Emphasis is being placed on reducing the population in juvenile justice facilities. The Victor Cullen Academy and Cheltenham populations are being reduced and the concept of services changed to stress mental health and substance abuse treatment. To assist youthful offenders and at-risk children, an additional \$2.5 million is provided for the continuation of community and neighborhood-based programs and resources to reduce delinquent behavior.

Homeland Defense

The events following the terrorist attacks of September 11, 2001 identified several areas of security that required increased attention to ensure the safety of citizens and to protect Maryland's commerce. A greater emphasis is now placed on security surveillance and preventive measures to instill a



sense of confidence and safety in our travels and gatherings. The budget includes a mixture of general, special and federal funds totaling approximately \$25 million to address homeland security concerns around the state. Among this funding is \$6.4 million (\$2.3 million in fiscal year 2002 and \$4.1 million in fiscal year 2003) to provide 70 positions and related expenses in the Department of General Services for security staffing of the An-

napolis legislative complex, Baltimore City government complex, and the Camp Fretterd Military Reservation. A State Police trooper class of 35 is also provided in the budget. \$6 million is included for security and surveillance improvements at Baltimore-Washington International (BWI) Airport.

The State will also start staffing the State Emergency Operations Center (SEOC) on a 24-hour, 7-day a week basis at an annualized cost of \$530,000. The staffing will provide after hours continuity and the ability to respond to and immediately notify statewide agency personnel of emergency/crisis situations. Currently there is no statewide focal point for dissemination and coordination of emergency/crisis situations. The SEOC will provide such a central point of coordination for statewide agencies and local jurisdictions.

The budget will also provide funding to enhance the abilities of the Departments of Environment (MDE) and Health and Mental Hygiene (DHMH) to respond promptly to concerns about hazardous materials and bio-terrorism. Funds will be used to train employees on emergency readiness and assure that proper communications support is in place. To ensure that there are sufficient resources for bomb disposal actions, \$400,000 will be used to expand the bomb squad by six positions and purchase an additional robot.

The state is anticipating an additional \$20-\$39 million in federal Homeland Defense Assistance funds to meet the various security needs identified subsequent to September 11, including an enhanced communications network for law enforcement agencies, bomb disposal equipment and bio-terrorism equipment.

Managing State Government

Maryland Budget Priorities FY 2003

The challenge is to shift the management culture of State Government from a primary focus on processes to a focus on results as well as processes.

Governor Parris N. Glendening

Managing for Results

Under Maryland's Managing for Results (MFR) program agencies have endeavored to improve their strategic planning and to better measure their outcomes and performance. Agencies are linking their Managing for Results planning and implementation to their quality improvement efforts, to their budgets, and to their personnel evaluation planning. These elements together comprise the Maryland Management Model.

Agencies are providing the data that can be used by policy makers and administrators to assess and improve agency performance. The result of these better management practices will be an increase in the quality of state services and the achievement of better outcomes for the citizens of the state.

Outcome measures for a number of key policy performance areas likely to be of interest to both policy makers and Maryland citizens appear in the table on the next page. These data show some improvements in the measures of employment, crime, social services and some health and transportation measures.

For instance, Maryland unemployment has been below the national level for several years now. The state is improving in such indicators as infant mortality, child support collected and child poverty. Crime rates and juvenile arrest rates have shown recent decreases. Among health measures, syphilis rates have decreased. In the transportation area, pavement ratings are up.

However, significant work remains to be done. The MFR process helps us to identify areas needing improvement and target resources accordingly.

Details of agency strategic goals, objectives, and performance measures appear with the agency budgets in Volumes I, II, and III of the Budget Books.

Technology Improves State Services Infrastructure

This budget continues to enhance the state's information technology infrastructure. In spite of fiscal constraints, technology is a funding area where it is important to maintain some forward progress.

In particular, there are risks to neglecting the public safety information technology infrastructure. The State is dedicating resources to implement systems for State and local law enforcement officers to use in confronting suspects and criminals. \$3.2 million is budgeted for an integrated offender management system to maintain information on offenders.

Over \$15 million of federal and state funds is provided as part of a multi-year program to implement a system for the management of child welfare cases, a much-needed improvement.

Another \$3 million of federal funds is provided to upgrade the system for the management of child care services.

\$1.25 million of funds from the Information Technology Investment Fund will be allocated for the Comptroller's e-File, tax system enhancement.

\$1.8 million is provided in the Department of Health and Mental Hygiene to bring its computer systems into compliance with the Health Insurance Portability and Accountability Act.

Several projects are funded to enhance the IT infrastructure of the state's environmental agencies. \$775,000 is budgeted in the Department of the Environment for its Enterprise Environmental System.

The budget for the Department of Natural Resources contains an additional \$400,000 to expand its wide area network. This initiative will significantly improve intradepartmental communications by eventually connecting all 102 of the Department's remote sites to a centralized local area network.

Budget Contains Cost of Living Adjustment for State Employees

\$25 million is provided in the budget for salary adjustment for State employees, effective January 2003.

**PERFORMANCE MEASURES FOR SELECTED KEY PERFORMANCE
AREAS FOR MARYLAND STATE GOVERNMENT**

	1998	1999	2000	2001	2002	2003
	Actual	Actual	Actual	Actual	Estimated	Estimated
Percent change in Maryland NonFarm Employment	2.5%	2.5%	2.7%	1.0%	0.0%	1.4%
Amount Maryland's unemployment rate exceeds US rate (percentage points;)	+0.1	-0.7	-0.1	-0.9	-1.5	-1.5
Percent of Maryland babies born at low and very low birth weight*.	8.7%	9.1%	8.7%	8.7%(e)	8.7%	8.7%
Percent of Maryland children (19-35 months) fully immunized.	79%	81%	80%	80%(e)	80%	80%
Death rate among Maryland infants under 1 year of age (per 1,000 live births).	8.6	8.3	7.4	NA	7.5	7.5
Percent of Maryland children and youth (0-17) living in poverty.*	6.9%	6.5%	6.4%	6.4%(e)	6.4%	6.4%
Part I crime rate (per 100,000 population)*	5,646	5,347	5,064	4,840	4,771	4,703
Rate of arrests of youth for violent crimes (ages 10 to 17; per 100,000 youth)*	535	545	524	524(e)	524	524
Percent of Maryland 3rd Grade students performing at satisfactory or better on the MSPAP Reading Assessment*	42%	41%	39%			
Percent of Maryland 3rd Grade students performing at satisfactory or better on the MSPAP Mathematics Assessment*	42%	39%	40%			
Percent of students who, upon entering a Maryland two-year or four-year college, are required to take remedial courses in:						
Math	21.0%	23.0%	23.0%	26%(e)	25.0%	23.0%
English	11.0%	12.0%	12.0%	13%(e)	12.0%	10.0%
Reading	12.0%	14.0%	14.0%	15%(e)	12.0%	10.0%
Percent of USM grads rating education received for work adequate or better	NA	93%	94%			
Total Ridership Bus and Rail Transit	98.6	101.4	101.2	100.4	103.8	104.6
Average Customer Visit Time in minutes at MVA branch offices	62	48	33	34	32	30
Pavements rated fair to very good	80%	80%	82%	84%	85%	85%
Maryland structurally deficient bridge % (National Rate equals 5.9%)	4.0%	3.8%	4.4%	4.5%	4.5%	4.6%
Blue Crab dredge survey index	7	8	14	10	11	13
Oyster harvest (in thousands of bushels)	285	423	380	347	400	450
Total acres under Agricultural Land Preservation easement or in preservation districts (thousands)	475	509	555	583	613	644
Job retention rate of Temporary Cash Assistance recipients	74%	70%	74%	74%	75%	77%
Percent of current child support collected	54.60%	61.30%	58.13%	60.29%	61.29%	62.29%
Number of Pertussis cases	66	124	134	125	120	100
Number of Hepatitis A cases	413	313	214	230	230	250
Rate of syphilis incidence	12.9	6.7	5.7	5.1	4.6	4.1
Rate of traffic fatalities (per 100 million vehicle miles traveled)	1.25207	1.252	1.21792	1.22664	1.21157	1.19649
Percentage of Maryland population living in areas not meeting air quality standards	87%	87%	87%	87%	87%	87%
Nitrogen loadings in state waters (Millions of pounds)	NA	NA	58	56	54	54
Phosphorus loadings in state waters (Millions of pounds)	NA	NA	3	3	4	4

*These are calander year data.

(e) These are estimated numbers.

Maryland's Capital Budget

Maryland Budget Priorities FY 2003

The capital budget totals approximately \$3 billion. This amount includes \$1.1 billion for state-owned capital projects as well as capital programs that provide grants and loans to local governments, and the private and non-profit sectors for capital improvements supporting State policy objectives such as restoring the Chesapeake Bay. The remainder of the capital budget, \$1.9 billion, is directed to highway projects, mass transit and other transportation improvements.

The general construction portion of the five-year capital improvement program focuses resources on improving educational facilities, strengthening and revitalizing communities, protecting the environment, creating and retaining high-wage jobs and making our communities safer. Proposed spending in each of these areas is described below.

Education

The capital budget provides \$503.7 million to construct new and to improve existing facilities for Maryland's elementary, secondary and post-secondary students. Of this amount, \$239.5 million will fund new and improved existing facilities for elementary and secondary school students; \$193.4 million will fund improvements to academic and research facilities at public four-year institutions of higher education; \$54.8 million will improve academic facilities on 16 community college campuses; and \$16 million will create new and improved existing science and research facilities at four private colleges and universities. Funding for major projects is summarized below.

Elementary and Secondary Education Facilities: Grants to local school systems for the construction and renovation of public school facilities statewide total \$239.5 million. \$89 million will replace previously appropriated general fund PAYGO with general obligation bonds. The remaining \$150 million will complete the Administration's \$1.6 billion commitment to expand and improve educational facilities in each of Maryland's 23 counties and Baltimore City.

Public Colleges and Universities: Funding to improve academic and research facilities at public four-year institutions of higher education totals \$193.4 million. Of this amount, \$106.4 million will replace funding for projects that were previously funded with general fund PAYGO capital appropriations. These projects include: \$42.4 million for a new research building at the University of Maryland Biotechnology Institute's Center for Advanced Research in Biotechnology; \$26.7 million to continue funding of a new dental school at the University of Maryland, Baltimore; \$17.5 million to construct and equip a Public Policy Institute at the University of Maryland, Baltimore County; \$12.4 million to construct a new educational center in downtown Hagerstown; and \$7.4 million to supplement prior appropriations for the expansion and renovation of the Fine Arts Building at Towson University. The only other major project is a new \$22 million communications center at Morgan State University. The remainder of the capital budget in this area includes funds to design and equip facilities at various University System of Maryland institutions and at St. Mary's College of Maryland.

Community College Facilities: \$54.8 million is budgeted to improve academic facilities on 16 community college campuses. Major projects are \$17 million for the renovation of the main building on the Liberty Heights campus of Baltimore City Community College; \$8.5 million to construct a new Center for Applied Learning and Technology at Anne Arundel Community College; and \$6 million to construct a new academic facility for Cecil Community College in downtown Elkton.

**Maryland's Five-Year Capital Improvement Program
(\$ millions)**

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	5-Year Total
General Capital	1,117.0	941.3	988.7	1,026.2	1,011.1	5,084.3
Transportation	1,859.7	1,786.2	1,402.7	1,101.3	994.3	7,144.2
Total	2,976.7	2,727.5	2,391.4	2,127.5	2,005.4	12,228.5

Private College and University Facilities: Private colleges and universities receive \$16 million to improve academic and research facilities. Specifically, funding has been provided for three new research facilities for the Schools of Medicine and Hygiene and Public Health at The Johns Hopkins University; construction of new science facilities at Capitol College, Washington College, and The Johns Hopkins University; and an upgrade to science facilities at the College of Notre Dame.

Community Investment

Through various Smart Growth and neighborhood conservation initiatives, the Administration focuses capital investments on projects that strengthen and revitalize communities. The capital budget includes \$169.3 million for grants to local governments and non-profit organizations, with major areas of emphasis including:

Community Revitalization Grants: \$51.2 million in grants for projects that will revitalize existing communities. Of this amount, \$15 million is for the Community Parks and Playgrounds Program, through which local governments buy parkland, rehabilitate, expand or improve existing parks, or purchase and install playground equipment; \$13 million is for the Community Legacy Program, which provides grants to older communities for acquisition or rehabilitation of housing, mixed use and mixed income redevelopment, community centers, public improvements in commercial and residential areas, and parking lot and other public infrastructure projects that will encourage the redevelopment of commercial and residential areas; \$8.3 million is for federal Community Development Block Grants; \$8 million goes to the Neighborhood Business Development Program, which provides grants and loans to businesses for community-based economic development activities; and \$7 million is for various ongoing revitalization efforts in the City of Baltimore.

Housing Programs: \$47.8 million will be spent on grants and loans to local governments and non-profit organizations for projects that will provide affordable housing and encourage homeownership. Of this amount, \$24.7 million has been provided for rental housing programs; \$10.1 million for homeownership programs; \$800,000 to assist families in need of temporary transitional housing; and \$12.2 million for other housing-related programs, including \$3.5 million for lead paint abatement in Baltimore City.

Historical and Cultural Attractions: \$42.8 million is allocated for various historical and cultural attractions. Major grants include: \$9.2 million to complete the design and construction of the Maryland Museum of African American His-

tory and Culture in Baltimore City; \$5 million to assist Montgomery County with the construction of the Strathmore Hall Performing Arts Center; \$4.8 million for the redevelopment of the Baltimore Zoo; and \$7.6 million in grants for projects at the Maryland Science Center, Ocean City beach, National Aquarium in Baltimore, Canal Place Heritage Area in Cumberland; and the new Cal Ripken, Jr. minor league baseball stadium in Aberdeen, Harford County. The remainder of the funding is primarily for capital projects sponsored by individual legislators, also known as legislative initiatives.

Community Hospitals and Health Facilities: \$26.1 million is included for health-related capital projects including hospitals and facilities that provide care and/or treatment for physically, mentally and emotionally disabled individuals; the elderly; and individuals recovering from substance abuse.

Environment

Capital funding for environmental programs focuses on three objectives: reducing the impact of and directing suburban growth by preserving agricultural lands, sensitive plant and wildlife habitat and open space; improving water quality by upgrading water and wastewater infrastructure; and restoring the Chesapeake Bay ecosystem. \$277.1 million is budgeted to meet these objectives, including:

Land Preservation Programs: \$151.1 million, including: \$119.7 million for the preservation of over 28,000 acres of open space through the GreenPrint Program, Rural Legacy Program and Program Open Space; \$6.3 million to reduce the production of tobacco on Maryland's farms while preserving the land in agricultural use; and \$25.1 million for the preservation of an estimated 12,500 acres of productive farmland through the Agricultural Land Preservation Program.

Water and Wastewater Infrastructure: \$68.9 million for the improvement of local drinking water systems and wastewater treatment plants. These improvements will assist State agencies and local governments to ensure that water quality standards are met. The Department of the Environment anticipates lending \$50.6 million for local water and wastewater infrastructure projects in fiscal year 2003.

Chesapeake Bay Restoration Programs: \$31.2 million will reduce the amount of point and nonpoint source nitrogen and phosphorous runoff entering the Chesapeake Bay. Of the \$19.6 million for the Biological Nutrient Removal Program, there are seven *paratuberculosis*-related projects totaling \$8.2 million. In addition, \$8.6 million will be used to reduce nitro-

Maryland's Capital Budget

Maryland Budget Priorities FY 2003

gen and phosphorous runoff from urban, suburban and agricultural lands. The remaining \$3 million will be used to restore the Bay's once vibrant oyster population.

State Park and Waterway Improvements: \$19 million.

Environmental Cleanup and Mitigation Programs: \$6.9 million for environmental abatement projects at State facilities and flood mitigation projects statewide.

Business and Job Creation

Capital funding for economic development programs and projects focuses on two objectives: business attraction and retention and revitalization of economically stagnant or distressed areas. The capital budget contains \$71.7 million to meet these objectives, \$68.7 million of which will be managed by the Department of Business and Economic Development. Capital spending by objective includes:

Business Attraction and Retention Activities: \$61.5 million for economic development financing programs. Of this amount, \$3 million will be used by the Maryland Technology Development Corporation to encourage business incubation and the transfer of university sponsored research to the private sector for commercial development.

Economic Revitalization Activities: The budget includes \$10.2 million to revitalize economically stagnant or distressed areas through the One Maryland Program.

Safer Communities

Capital projects to improve the safety of communities consist of State and local correctional facilities, new and improved court facilities, treatment and detention facilities for at-risk youth and modern facilities for the State Police. The capital budget totals \$38.4 million for the safety of communities, including:

State and Local Correctional Facilities: \$22.3 million. Major projects include: \$8.5 million for fire safety and utility improvements to the Patuxent Institution and the Baltimore City Detention Center; \$5 million for the expansion of the Baltimore County Detention Center; \$5 million to continue the development of a statewide wireless communication system for State and local public safety agencies; and \$3.2 million for the construction of dormitory facilities at the Public Safety Training Center.

State Police Barracks: \$6.1 million will be allocated for construction of a new police barrack in Easton and equipment for the new barrack in the Town of North East.

District Court Facilities: \$4.6 million for the acquisition of land for a new district court facility in Rockville. These funds will replace prior general fund appropriations which were cancelled due to cost containment actions required to balance the fiscal year 2002 budget.

Juvenile Facilities: \$2.4 million to improve residential and nonresidential treatment facilities for at-risk youth, to demolish several facilities at the Cheltenham Youth Facility in Prince George's County and to equip a new secure juvenile detention facility on the Eastern Shore.

Military Facilities: \$3 million to construct a maintenance facility at the Salisbury Armory.

Other Projects

The capital budget includes \$68 million for miscellaneous other projects. These projects include State government infrastructure construction, maintenance and/or renovation projects, and other local projects. Of the \$68 million, \$33.5 million will replace previously appropriated general fund PAYGO with general obligation bonds for the construction of an addition to and renovation of the Lowe House Office Building and several local capital grants that received funding in fiscal years 2001 and 2002. Highlights of funding in this area include:

Capital Maintenance: \$18.3 million for facilities maintenance at state-owned and operated facilities statewide, excluding capital facilities maintenance at institutions of higher education. The University System of Maryland, Morgan State University and St. Mary's College of Maryland receive separate appropriations totaling over \$20 million for capital maintenance projects.

Statewide High Speed Data Network (also known as net.work.Maryland): \$5 million to continue construction of a portion of a statewide high speed data network, which will improve communication between and link the State's colleges and universities, community colleges, elementary and secondary schools, libraries, hospitals, businesses, and State and local government offices.

General Capital Improvement Program Fiscal Year 2003
(\$ millions)

	General Obligation Bonds	General Funds	Revenue Bonds	Other	Total
<u>EDUCATION</u>					
Public School Construction	223.6	3.0		12.9	239.5
Public Colleges & Universities	163.5		29.9		193.4
Community Colleges	54.8				54.8
Private Education Facilities	16.0				16.0
Subtotal	457.9	3.0	29.9	12.9	503.7
<u>COMMUNITY INVESTMENT</u>					
Community Revitalization Projects	28.0	11.6		11.6	51.2
Housing	8.8	18.1		20.9	47.8
Historical and Cultural Attractions	38.2	2.3		2.3	42.8
Community Health Facilities	26.1				26.1
Regional Claims Center				1.4	1.4
Subtotal	101.1	32.0		36.2	169.3
<u>ENVIRONMENT</u>					
Land Preservation	50.0			101.1	151.1
Water and Wastewater Infrastructure	10.1	8.2		50.6	68.9
Chesapeake Bay Restoration	28.1	3.1			31.2
Waterway Improvements				11.2	11.2
State Park Improvements				7.8	7.8
Environmental Cleanup	5.0	1.3			6.3
Flood Mitigation	.6				.6
Subtotal	93.8	12.6		170.7	277.1
<u>BUSINESS & JOB CREATION</u>					
Economic Development Programs		31.7		40.0	71.7
Subtotal		31.7		40.0	71.7
<u>SAFER COMMUNITIES</u>					
Public Safety & Corrections	8.9	5.0		3.2	17.1
State Police	6.1				6.1
Local Jails	5.2				5.2
District Courts	4.6				4.6
Military	.5			2.5	3.0
Juvenile Justice	2.4				2.4
Subtotal	27.7	5.0		5.7	38.4
<u>OTHER PROJECTS</u>					
Previously Funded PAYGO Projects	18.5				18.5
Legislative Facilities	19.3				19.3
Facilities Maintenance	18.0			.3	18.3
Historic St. Mary's City	2.3				2.3
Other	3.6	5.0		1.0	9.6
Subtotal	61.7	5.0		1.3	68.0
TOTAL	742.2	89.2	29.9	266.8	1,128.1
Less: Deauthorizations	(11.1)				(11.1)
Net New GO Bond Authorization	731.1	89.2	29.9	266.8	1,117.0

Note: Totals may not add due to rounding.

Capital Budget for Transportation

Maryland Budget Priorities FY 2003

The proposed fiscal year 2003 capital budget for Department of Transportation projects totals \$1.9 billion. The budget builds and maintains the entire range of transportation infrastructure including roads, motor vehicle facilities, mass transit, the Port of Baltimore and airports. The transportation capital budget is divided into five operating units as well as the Secretary's Office and the Washington Metropolitan Area Transit Authority (WMATA).

The capital program is funded through State sources, federal aid and other sources. The State sources consist of taxes, fees and operating income over and above what is required to pay the operating expenses of the department and bonds. State sources make up \$825.4 million of the capital budget, 44% of the total, and federal aid for highways, mass transit and aviation makes up \$790 million, 43%. The federal aid estimates do not include funds (\$63 million) that are received directly by WMATA on behalf of Prince George's and Montgomery counties. Other sources of funding, including airport user fees such as passenger facility charges (PFC) and customer facility charges (CFC), comprise \$243.8 million or 13% of the transportation capital budget.

The Secretary's Office

The allocation for the Secretary's Office is \$19.4 million. Much of these monies will go for multi-modal statewide planning studies and for projects geared toward reducing vehicle emissions.

State Highway Administration (SHA)

Highway projects make up \$934.7 million, the largest share of the capital program for transportation. The SHA capital program is funded with \$558.8 million in federal aid and \$375.9 million from State sources. Major projects by region include:

- ❑ **Western Maryland:** \$2.2 million for a bridge replacement on MD 34, Shepherdstown Pike, Washington County; \$200,000 for project planning on U.S. 219 north of I-68 in Garrett County; and \$2.7 million for construction of the Allegheny Highlands Trail in Allegany County.
- ❑ **Eastern Shore:** \$11.9 million for the Salisbury Bypass in Wicomico County, \$11.2 million for U.S. 113 improvements in Worcester County, and \$1.3 million for a Neighborhood Conservation Project in Talbot County.
- ❑ **Suburban Washington Region:** \$21.2 million for I-270 improvements and \$25.2 million for U.S. 29 interchange improvements in Montgomery County; 6.7 million for I-70 im-

provements in Frederick County; \$277.8 million for replacement of the Woodrow Wilson Bridge and \$14 million to improve MD 450 in Prince George's County.

- ❑ **Southern Maryland:** \$2.7 million for MD 235 improvements in St. Mary's County; \$5.2 million for interchange improvements at MD 4 and MD 260 in Calvert County; and \$4.5 million for MD 5 relocated in Charles County.
- ❑ **Baltimore Region:** \$12.7 million for US 29 interchange improvements in Howard County; \$24.9 million for I-695 improvements in Baltimore County; and \$13.4 million for MD 32 interchange improvements in Anne Arundel County.

Motor Vehicle Administration (MVA)

MVA's capital budget totals \$23.4 million. Major projects include \$3.5 million for a document imaging system, \$2.1 million for an electronic lien, title and registration system and \$1 million for a driver licensing point-of-sale system.

Maryland Aviation Administration (MAA)

MAA operates Baltimore/Washington International Airport (BWI) and Martin State Airport. The Administration also provides grants, \$2.1 million in fiscal year 2003, to public use airports around the State. The capital budget for MAA totals \$372 million to continue the planned major airport expansion program. Major BWI projects include \$47 million to renovate concourses, \$17.2 million for a parallel taxiway and aircraft parking ramp, \$41.2 million for terminal roadway improvements, \$77.7 million for parking garages and lot expansions and \$67.7 million for a consolidated rental car facility. Also included are \$2.5 million for runway and control tower improvements at Martin State Airport.

Maryland Port Administration (MPA)

The capital budget for MPA totals \$92.3 million. Of this amount, \$23.2 million is for projects related to dredging the Port of Baltimore, which is critical to the Port's ability to handle new larger super tankers, \$11.7 million to develop

additional warehouse space and \$6.1 million to rehabilitate berths 1-6 at Dundalk Marine Terminal.

Maryland Transit Administration (MTA)

The MTA budget totals \$196.6 million, with \$125.9 million, or over 64%, coming from federal sources. Major projects include:

- ❑ MARC commuter rail improvements: \$6.6 million to further complete the new line to Frederick; \$4 million for relocation of MARC and improvements to the Silver Spring Transit Center; and \$1.5 million for parking and other improvements at the Halethorpe station.
- ❑ MTA improvements in the Baltimore area include \$32.2 million to double track a portion of the light rail system,

\$7.3 million to renovate Metro escalators and elevators and \$30.5 million for ongoing equipment and bus replacement.

Over \$21 million is budgeted to provide assistance to locally-operated transit systems around the State.

Washington Metropolitan Area Transit Authority

Capital costs for transit improvements in the DC area total \$221.2 million in fiscal year 2003. This does not include \$62.7 million in federal funds that go directly to WMATA. The State share of construction costs for the Metrorail extension from Addison Road to Largo totals \$92.1 million. State funds are allocated for normal bus and rail car replacement (\$21.8 million) and for Metrorail equipment overhaul or replacement (\$13 million).

DEPARTMENT OF TRANSPORTATION

Total Program - FY 2003 – 2007

(\$ millions)

	<u>FY</u> <u>2003</u>	<u>FY</u> <u>2004</u>	<u>FY</u> <u>2005</u>	<u>FY</u> <u>2006</u>	<u>FY</u> <u>2007</u>	Five-Year <u>Total</u>
The Secretary's Office	19.4	12.7	9.8	7.6	8.3	57.8
Motor Vehicle Admin.	23.4	14.8	14.9	14.0	16.4	83.5
Maryland Aviation Admin.(1)	372.0	325.5	115.3	108.3	64.5	985.6
Maryland Port Admin.	92.3	96.1	70.6	54.4	53.2	366.6
Mass Transit Admin.	196.6	241.0	249.5	234.5	217.0	1,138.5
Wash-Metro Area Transit (2)	221.2	156.4	104.9	89.2	99.2	670.8
State Highway Admin.	<u>934.7</u>	<u>939.7</u>	<u>837.9</u>	<u>593.3</u>	<u>535.8</u>	<u>3,841.4</u>
Total Capital Spending	1,859.7	1,786.2	1,402.7	1,101.3	994.3	7,144.2

Sources of Funds:

Special Funds (3)	825.4	769.3	629.8	499.8	498.2	3,222.5
Federal Funds (2)	790.5	764.7	724.6	542.3	485.0	3,307.1
<u>Other Funds (4)</u>	<u>243.8</u>	<u>252.2</u>	<u>48.3</u>	<u>59.2</u>	<u>11.1</u>	<u>614.6</u>
Total	1,859.7	1,786.2	1,402.7	1,101.3	994.3	7,144.2

(1) The Department is using Passenger Facility Charge revenue and Customer Facility Charge revenue to fund several projects identified in this program. The PFC and CFC eligible project costs are included in the totals above.

(2) Does not include federal funds received directly by WMATA that are not included in MDOT's budget.

(3) Includes other funding sources (PFCs, CFCs, COPS, for MAA projects).

(4) Includes general funds for Addison Road and Woodrow Wilson Bridge beyond the budget year.

Note: Totals may not add due to rounding.

Constitutional Agencies

Maryland Budget Priorities FY 2003

MARYLAND GENERAL ASSEMBLY

The General Assembly is Maryland's legislative authority. Its budget includes the Senate of Maryland, House of Delegates and their staff agencies. The Governor is not permitted to alter the General Assembly's proposed budget.

<u>\$ thousands</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change 02-03</u>
General Funds	52,769	56,897	59,108	3.9%
Positions				
Authorized	723.0	730.0	730.0	-0-

JUDICIARY OF MARYLAND

The Judiciary of Maryland consists of the Court of Appeals, Court of Special Appeals, District Court System and judicial support functions. Circuit Court judges' salaries are included in this budget, but other Circuit Court costs are local expenses. The Governor is not permitted to alter the Judiciary's proposed budget.

<u>\$ thousands</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change 02-03</u>
General Funds	228,593	260,819	293,564	12.6%
Special Funds	11,882	15,311	13,111	-14.4%
Federal Funds	1,759	1,967	1,865	-5.2%
Total	242,234	278,097	308,540	10.9%
Positions				
Authorized	2,870.3	3009.8	3,321.8	312.0
Contractual	365.0	371.0	334.0	-37.0
Total	3,235.3	3,380.8	3,655.8	275.0

OFFICE OF THE GOVERNOR

The Office of the Governor includes the Governor, Lieutenant Governor and their immediate staff.

<u>\$ thousands</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change 02-03</u>
General Funds	7,882	8,293	8,830	6.5%
Positions				
Authorized	84.5	86.5	86.5	-0-
Contractual	3.0	3.5	3.5	-0-
Total	87.5	90.0	90.0	-0-

SECRETARY OF STATE

The Secretary of State has numerous duties specified by the state constitution and state law. For example, the Secretary of State is responsible for registering charities, supervising the Division of State Documents and processing criminal extraditions.

<u>\$ thousands</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change 02-03</u>
General Funds	2,343	2,496	2,756	10.4%
Special Funds	648	581	502	-13.6%
Total	2,991	3,077	3,258	5.9%
Positions				
Authorized	37.6	38.6	38.6	-0-
Contractual	3.2	2.7	2.7	-0-
Total	40.8	41.3	41.3	-0-

COMPTROLLER OF THE TREASURY

The Comptroller is a constitutional officer independently elected by the people. The office of the Comptroller collects the state's major revenues, keeps its financial accounts, manages its principal data center and provides general supervision of fiscal affairs.

<u>\$ thousands</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change 02-03</u>
General Funds	65,955	67,904	70,469	3.8%
Special Funds	11,522	13,475	12,378	-8.1%
Reimbursable	24,325	27,212	28,135	3.4%
Total	101,802	108,591	110,982	2.2%
<u>Positions</u>				
Authorized	1,140.7	1,151.7	1,157.7	6.0
Contractual	21.0	49.0	26.6	-22.4
Total	1,161.7	1,200.7	1,184.3	-16.4

STATE TREASURER

The Treasurer is a constitutional officer appointed by the General Assembly. The Treasurer's Office receives and deposits funds, manages the state's investments, manages issuance of state bonds and administers the state's commercial and self-insurance programs.

<u>\$ thousands</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change 02-03</u>
General Funds	4,262	4,167	4,100	-1.6%
Special Funds	354	420	362	-14.0%
Reimbursable	16,446	18,078	19,415	7.4%
Total	21,062	22,655	23,877	5.3%
<u>Positions</u>				
Authorized	53.0	54.0	54.0	-0-

ATTORNEY GENERAL

The Attorney General is a constitutional officer independently elected by the people. The office of the Attorney General provides legal assistance to all state agencies, represents the state in legal actions, and enforces state antitrust, consumer protection and securities laws.

<u>\$ thousands</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change 02-03</u>
General Funds	16,482	17,598	18,343	4.2%
Special Funds	613	420	434	3.3%
Federal Funds	1,199	1,521	1,523	0.1%
Reimbursable	2,123	2,067	2,569	24.3%
Total	20,417	21,606	22,869	5.8%
<u>Positions</u>				
Authorized	254.5	260.5	262.5	2.0

Department of Agriculture

Maryland Budget Priorities FY 2003

Mission: To provide leadership and support to agriculture and the citizens of Maryland by conducting regulatory, service and educational activities that assure consumer confidence, protect the environment and promote agriculture.

THE MARYLAND DEPARTMENT OF AGRICULTURE (MDA) PROVIDES A VARIETY OF SERVICES AND PROGRAMS TO: PRE-SERVE ADEQUATE PRODUCTIVE FARMLAND AND CURB RANDOM DEVELOPMENT; PROMOTE LAND STEWARDSHIP AND RE-SOURCE CONSERVATION; PROTECT THE HEALTH OF THE PUBLIC AND THE HEALTH OF PLANT AND ANIMAL RESOURCES; PROMOTE THE PRODUCTION, SALE AND USE OF MARYLAND AGRICULTURAL PRODUCTS, AND PROVIDE CONSUMER PROTECTION FOR THE CITIZENS OF MARYLAND.

BUDGET HIGHLIGHTS:

The allowance for the Department of Agriculture totals \$84 million. Significant budget initiatives are highlighted below.

Since fiscal year 1995 the department has seen a continuous emphasis on improving agency programs that focus on land stewardship and environmental protection. Annual state funding for agricultural land preservation has increased from \$9 million in 1995 to over \$25 million this year and permanently preserved acreage has more than doubled in this time frame. Our state will have over 230,000 acres under land preservation easements with an additional 170,000 acres under easement in land preservation districts. This year's allowance, \$25.1 million, when combined with \$6.2 million to be transferred from the expanded GreenPrint program, will preserve easements for an estimated 16,716 acres.

An annual allocation from the Cigarette Restitution Fund is provided as an incentive to tobacco farmers to voluntarily eliminate tobacco production. \$6.3 million is allocated from the fund for the continued conversion and buyout of tobacco crops in Southern Maryland. The transition programs will assist farmers in shifting to non-tobacco crops and preserve agricultural land by easement purchases. Farmers can use the funds to purchase equipment and irrigation systems. The department and the Tri-County Council project that by the end of this fiscal year, over 7,000,000 pounds of tobacco will have been removed from production. This will represent over 70% of eligible growers and eligible pounds of tobacco.

With the passage of the Water Quality Improvement Act of 1998, the agency has expanded programs to assist farmers with installing best management practices (BMPs) to improve water quality, manage animal waste and reduce soil erosion. Since 1995, the Maryland Agricultural Cost Share Program will have provided almost \$60 million in funding for nearly 9,000 BMP projects. MDA has also received significant funding for new programs to assist farmers in preparing nutrient management plans, transport animal manure, provide emergency drought assistance and to plant cover crops to

reduce soil erosion and absorb nutrients left in the soil after harvest.

The fiscal year 2003 budget contains the following highlights:

- ❑ Increased funding of \$1.3 million has been allocated to the Nutrient Management Program to support cost share assistance for more farmers to develop nutrient management plans. \$500,000 has also been included as a fiscal year 2002 deficiency for additional cost share assistance.
- ❑ An additional \$500,000 will expand the Cover Crop Program to \$3 million to offer incentives to farmers to plant fall cover crops. The funds will allow MDA to implement cost share assistance for approximately 120,000 acres in priority watersheds, leading to a nutrient reduction from agricultural practices. Cover crops reduce both soil erosion and nitrogen leaching into Maryland waterways.
- ❑ \$2.9 million is targeted for the Mosquito Control Program and the detection and control the West Nile Virus, a mosquito-borne disease, which has emerged as a potential threat in Maryland during recent years.
- ❑ Maryland's forests are a valuable natural resource and timber is a significant agricultural commodity. The department has administered programs to control the gypsy moth and other forest pests, and between 1995 and 2003, MDA will have sprayed over a quarter-million acres to reduce tree defoliation. The Forest Pest Management Program receives \$1.8 million to combat gypsy moth infestations, primarily in Western Maryland.
- ❑ \$400,000 is provided to continue funding the new crop insurance subsidy program for Maryland farmers. This program protects farmers from the vagaries of bad crops.
- ❑ An additional \$470,000 has been included in the fiscal year 2003 budget to update obsolete agency information technology hardware, software and communication systems.

The Department of Agriculture comprises less than 1% of the overall State budget.

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	32.3	33.8	31.6	-6.6%
Special Funds	40.9	41.9	43.3	3.3%
Federal Funds	2.2	3.9	2.4	-38.0%
Reimbursable Funds	5.6	3.0	6.7	125.2%
Total	81.0	82.6	84.0	1.7%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	27.6	34.3	33.4	-2.7%
Office of Marketing, Animal Health and Consumer Svcs.	19.6	16.4	17.7	7.5%
Office of Plant Industries and Pest Management	10.6	10.0	10.8	8.3%
Office of Resources Conservation	23.2	21.9	22.1	1.2%
Total	81.0	82.6	84.0	1.7%
POSITIONS:				
Authorized	471.0	480.0	473.5	-6.5
Contractual	38.3	39.6	41.5	1.9
Total	509.3	519.6	515.0	-4.6

PERFORMANCE MEASURES	FY 2001 ACTUAL	FY 2002 ESTIMATED	FY 2003 PROJECTED
Agricultural Land Preservation District acreage	382,988	396,423	410,000
Number of easements	1,402	1,526	1,646
Easement acreage	199,662	216,862	233,578
Nutrient Management Plans — acreage filed with MDA	70,000	300,000	567,000
Number of Best Management Practices installed	1,400	1,800	1,875
Gypsy Moths — acres treated	48,588	26,000	25,000
Mosquito Control — acres treated with insecticide	1,282,984	800,000	800,000
Mosquito Control — acres treated with biological insecticide	74,155	90,000	90,000
Agriculture Export Sales (\$ millions)	210	215	220

Department of Budget & Management

Maryland Budget Priorities FY 2003

***Mission:** The Department of Budget and Management helps the Governor, state agencies and their employees provide effective, efficient and fiscally sound government to the citizens of Maryland. We support agency efforts to achieve results by helping them obtain the fiscal, capital, personnel and information technology resources needed to provide services to Maryland citizens. We are dedicated to providing advice and assistance with professionalism, state of the art technology, modern management techniques and teamwork.*

THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) PREPARES THE STATE'S ANNUAL OPERATING AND CAPITAL BUDGETS AND MONITORS THEIR EXECUTION. IT PROVIDES LEADERSHIP FOR STATE INFORMATION TECHNOLOGY PROJECTS, AND MANAGES THE STATE'S TELECOMMUNICATIONS OPERATIONS. DBM ALSO MANAGES AND ADMINISTERS THE STATE'S PERSONNEL SYSTEMS, ADMINISTERS EMPLOYEE BENEFITS PROGRAMS AND COORDINATES TRAINING PROGRAMS FOR STATE EMPLOYEES. THE DEPARTMENT ADMINISTERS THE STATE'S CENTRAL DEBT COLLECTION, MOTOR VEHICLE FLEET MANAGEMENT AND TRAVEL PROGRAMS, PROVIDES PROCUREMENT OVERSIGHT, AND STAFF TO THE COUNCIL ON MANAGEMENT AND PRODUCTIVITY.

BUDGET HIGHLIGHTS:

The fiscal year 2003 allowance for the Department of Budget and Management totals \$132 million, an increase of 24% over the fiscal year 2002 appropriation. This increase is attributable to \$25 million placed in the Department's budget for salary increases for State employees.

On January 29, 2002, DBM will launch MARYLAND.GOV. This project provides a citizen-focused Internet portal to showcase Maryland as "the best of all 50 states in which to live, work and play." The site includes an easy to use interface, advanced search capability and a catalog of over 1500 links. DBM will be working collectively with all Maryland State agencies, boards and local government to provide current, reliable and universal access to online services and information about the state of Maryland. The portal represents a major step in the state's journey to become a recognized leader in digital government.

The Department of Budget and Management has implemented web-based recruitment and employment application activities for various state job classifications. This state of the art service creates a link on the DBM website to allow individuals to apply on-line to posted state job announcements.

\$150,000 has been included in the budget to implement a state-wide telework training program and a telework grant program for employees and managers. The telework training program is designed to change the culture of the work place by promoting the benefits of teleworking for both managers and employees. The grant program provides an incentive for agencies to allow employees to telework by providing funding for information technology equipment.

\$500,000 allows for tuition reimbursement and information technology training programs. These initiatives are designed to encourage state employees to seek additional education and training in order to improve their career paths and enhance the quality of state-provided services.

\$6 million is included for performance bonuses for state employees rated as "exceeding standards" or "outstanding."

The Department of Budget and Management comprises less than 1% of the overall state budget

BUDGET: \$132 MILLION
POSITIONS: 583.5

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	61.1	67.0	87.3	30.4
Special Funds	16.7	16.1	22.2	37.8
Reimbursable Funds	15.5	23.3	22.5	-3.5
Total	93.3	106.4	132.0	24.1%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	13.0	12.0	13.6	13.9%
Office of Personnel Services and Benefits	18.1	17.8	48.2	170.1%
Office of Information Technology	58.9	73.1	66.5	-9.0%
Office of Budget Analysis	1.9	2.1	2.2	4.6%
Office of Capital Budget	1.3	1.4	1.5	5.9%
Total	93.3	106.4	132.0	24.1%
POSITIONS:				
Authorized	509.8	517.3	549.3	32.0
Contractual	69.5	30.9	34.2	3.3
Total	579.3	548.2	583.5	35.3

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
State Operating Budget (\$ billion)	20.1	21.6	22.2
State Capital Budget			
(Excluding Transportation - \$ million)	\$1,336	\$1,518	\$1,117
Statewide Authorized Positions	78,445	82,047	83,565
Statewide Contractual Positions	9,614	9,176	9,472
Employee Health Plan Enrollment	69,814	71,092	71,092
FMIS Users	5,808	6,699	8,600
Monthly Average Maryland Relay Calls	202,789	214,000	238,000

Department of Business & Economic Development

Maryland Budget Priorities FY 2003

Mission: *To stimulate and strengthen the state economy. The department will develop policies and implement programs that will generate jobs with family-supporting wages and investment by attracting businesses to the state, by facilitating the expansion and retention of existing companies and by promoting Maryland's strategic assets.*

THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT (DBED) IS THE STATE'S PRINCIPAL AGENCY FOR ASSISTING THE GROWTH OF BUSINESS AND JOBS IN MARYLAND THROUGH MARKETING, TECHNICAL ASSISTANCE, SPECIALIZED TRAINING AND FINANCIAL INCENTIVES. THE DEPARTMENT ALSO PROMOTES TOURISM, THE ARTS AND FILM AND TELEVISION PRODUCTION.

BUDGET HIGHLIGHTS:

The fiscal year allowance for the Department of Business and Economic Development (DBED) totals \$143.3 million, an increase of 4.6 % over last fiscal year's revised appropriation.

DBED continues to recruit new firms and to assist firms to remain in state and expand, creating a projected 14,781 new jobs this year, a significant increase when compared to the level of new jobs created in 1995, 1,797. Exports sales, another area of emphasis for the Department, have also grown significantly, up 58% since 1995 to \$21.5 million. Such activities also generate high levels of capital investment, estimated at \$500 million for the private sector and \$75.6 million from the state.

DBED is well positioned to help minimize the effect of the national economic slowdown on Maryland. The following programs in the fiscal year 2003 budget will help to create new jobs and retain existing ones in the State.

- ❑ \$68.7 million is included for economic development capital programs, including \$10 million for the "One Maryland" Smart Growth Development Program, \$35 million for the Maryland Economic Development Assistance Fund, \$6 million for the Enterprise Investment Fund, and \$17.7 million for the other economic development funding programs.
- ❑ TEDCO brings together Maryland's universities, federal laboratories and small technology companies. It offers these entities access to technology, capital, facilities and networks. TEDCO will grant \$3.25 million to assist in the transfer of technology from Maryland's universities to the private sector.

- ❑ The advertising budget for the Division of Business Development/Marketing, which has grown to over \$4.5 million over the past three years is maintained. Results achieved include an award-winning advertising campaign "Come to Work, Stay to Play." Coupled with business-to-business marketing over the Internet, this campaign continues to help attract new businesses to the State.
- ❑ Funding for State Arts Council grant programs increased by \$200,000, for a total of \$13.8 million. These funds provide support to organizations and artists in the performing, visual and creative arts.
- ❑ An additional \$200,000 for the Eastern Shore Regional Planning Organizations completes full funding for these organizations.
- ❑ The fiscal year 2003 budget for the State Reserve Fund contains \$3 million for "Sunny Day Fund" grants to be awarded by DBED.

The Department of Business and Economic Development is less than 1% of the overall state budget. Special funds are principally loan repayments and business development funds. Federal funds are used for support of arts education programs. Reimbursable funds are paid by the Department of Transportation for marketing.

BUDGET: \$143.3 MILLION
POSITIONS: 371.1

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	87.8	91.0	90.0	-1.1%
Special Funds	70.6	45.1	52.2	15.8%
Federal Funds	0.7	0.5	0.6	4.5%
Reimbursable Funds	0.8	0.4	0.5	26.7%
Total	159.9	137.0	143.3	4.6%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	4.8	5.3	5.5	2.9%
Division of Administration	3.3	3.5	3.5	1.9%
Division of Business Development	14.8	10.0	9.7	-2.8%
Division of Financial Assistance Programs	89.8	70.8	74.6	5.3%
Division of Tourism, Film and the Arts	29.3	30.4	32.8	7.8%
Division of Regional Development	17.9	17.0	17.2	1.2%
Total	159.9	137.0	143.3	4.6%
POSITIONS:				
Authorized	319.0	324.0	325.0	1.0
Contractual	54.3	46.3	46.1	-0.2
Total	373.3	370.3	371.1	0.8

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Business Development:			
Jobs Created and Retained	55,063	46,794	50,745
Export Sales (\$ million)	20.4	20.6	21.5
Capital Investment:			
Private Investment (\$ million)	691.2	500.0	500.0
State Investment (\$ million)	113.7	80.7	75.6
Regulatory and Training Assistance:			
Number of Businesses Assisted	948	1,100	1,200
Tourism:			
State Visitor Spending (\$ billion)	8.0	8.2	8.4
Feature Film Productions	5	3	3
National Television Productions	1	8	8

Department of Education

Maryland Budget Priorities FY 2003

Mission: To provide leadership, support and accountability for effective systems of public education, library services and rehabilitation services.

THE MARYLAND STATE DEPARTMENT OF EDUCATION (MSDE) DISTRIBUTES STATE AID TO LOCAL EDUCATION AGENCIES, PROVIDES TECHNICAL ASSISTANCE TO LOCAL SCHOOL AND LIBRARY SYSTEMS, SETS STATEWIDE GOALS FOR SCHOOL PERFORMANCE AND MONITORS SCHOOL ACHIEVEMENT. MSDE OPERATES EDUCATIONAL PROGRAMS WITHIN CORRECTIONAL INSTITUTIONS, PROVIDES VOCATIONAL REHABILITATION SERVICES AND CONDUCTS DISABILITY DETERMINATION SERVICES.

BUDGET HIGHLIGHTS:

The allowance for the Maryland State Department of Education totals \$4.07 billion, an increase of \$253 million or 6.6% over the fiscal year 2002 appropriation after cost containment actions. In a challenging budget year, this significant increase emphasizes the administration's continued support for education. The numbers presented in this summary do not reflect a reduction of \$46 million contingent upon legislation altering the amount provided for retirement system funding.

Since fiscal year 1995, the MSDE budget has expanded by almost \$1.5 billion, an increase of 58%. These additional resources have enabled Maryland to be rated as one of the best states in the nation in terms of standards and accountability, graduation rates and family involvement.

Direct state education aid, mandated by the statutory funding formula, is \$2.23 billion, an increase of \$118.6 million for fiscal year 2003. Significant increases in mandated programs include:

- ❑ An \$82.8 million increase in current expense formula funding, the basic foundation program distributing \$1.77 billion in state aid;
- ❑ A \$24.8 million increase in the Comprehensive Education formula aid for students with special education needs resulting from disadvantaged environments;
- ❑ A \$5.6 million increase in transportation grants for inflation and increased enrollment;
- ❑ A \$5.3 million increase in formula aid for special education students placed in non-public day and residential programs.

State education aid not mandated by statutory funding formula is budgeted at \$449.9 million, an increase of \$32.8 million. This includes \$10.5 million for the Class Size Initiative to reduce class size and increase the number of certified teachers and \$2.2 million for Reconstituted Schools, designed to upgrade substandard schools.

Other funding increases include:

- ❑ \$2.0 million to implement the Alternative School Pilot Program.
- ❑ \$1.8 million for expansion of the Correctional Education workforce. This includes: staffing and equipping the new North Branch correctional facility in Western Maryland; an additional 21 positions to address increased need and expansion of the YES NetWork; and a post-release employment support and mentoring program.

The department's budget continues several components targeted to early childhood education, designed to improve educational outcomes in the early years.

- ❑ \$70.5 million for the Baltimore City Partnership Program.
- ❑ \$19.0 million to be distributed to local school systems for improvements in pre-kindergarten to third grade.
- ❑ \$10.6 million for the Judith Hoyer Centers, which bring together an array of early childhood family services.
- ❑ \$19.3 million for the Extended Elementary Education Program, targeting four-year-old children who are at risk of school failure.
- ❑ \$19.1 million represents a continued commitment for the Academic Intervention Program that provides direct intervention services to students identified with deficiencies in reading and math.

The budget of the Maryland State Department of Education represents 18.4% of the combined State budget and 30% of the general fund budget. Vocational rehabilitation services are financed mostly with federal funds. \$695.7 million in federal funds is passed through MSDE to the local school systems.

THREE YEAR SUMMARY

	FY 00 Actual	FY 01 Appropriation	FY 02 Allowance	Change FY01-FY02
APPROPRIATIONS: (in millions of dollars)				
General Funds	2,947.1	3094.5	3,304.6	6.8%
Special Funds	79.3	94.2	54.6	-41.9%
Federal Funds	597.2	631.8	704.7	11.5%
Reimbursable Funds	12.5	2.0	12.0	485.3%
Total	3,636.1	3,822.5	4,075.9	6.6%
EXPENDITURES: (in millions of dollars)				
Headquarters	164.2	180.8	183.6	1.5%
Aid to Education	3,350.3	3,538.3	3,782.3	6.9%
Funding for Educational Organizations	26.4	29.6	27.0	-8.7%
Subcabinet Fund	95.2	73.8	83.0	12.5%
Total	3,636.1	3,822.5	4,075.9	6.6%
POSITIONS:				
Authorized	1,360.9	1,362.9	1,393.4	30.5
Contractual	124.8	156.8	156.3	-0.5
Total	1,485.7	1,519.7	1,549.7	30.0

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Enrollment (Basic Current Expense)	797,230	803,184	810,571
Students with Disabilities (Total)	112,039	112,325	114,570
Educationally Deprived Children (Title 1)	147,059	150,000	150,000
Correctional Education Enrollment	3,175	3,175	3,175
Public Libraries - Use Transactions	46,000,000	46,500,000	47,000,000
Rehabilitation Services Clients	27,404	27,000	27,000

Department of the Environment

Maryland Budget Priorities FY 2003

Mission: To protect and restore the quality of Maryland's air, water and land resources, while fostering economic development, safe communities and quality environmental education for the benefit of the environment, public health and future generations.

THE MARYLAND DEPARTMENT OF THE ENVIRONMENT (MDE) PROTECTS THE QUALITY OF MARYLAND'S AIR, WATER AND LAND RESOURCES AND SAFEGUARDS THE PUBLIC FROM HEALTH RISKS ASSOCIATED WITH POLLUTION.

BUDGET HIGHLIGHTS:

The allowance for the Department of the Environment (MDE) totals \$169.5 million, a decrease of 26.9% from the fiscal year 2002 appropriation. This decrease of \$65.9 million is within the capital (PAYGO) portion of the budget and is primarily due to a reduced local government demand for loans through the Water Quality State Revolving Fund. The annual appropriation for this program is a function of local government construction budgets and varies from year to year depending on their need.

Since 1995, matching grants to local governments to implement Biological Nutrient Removal (BNR) technology at wastewater treatment plants have increased significantly. Once this initiative is completed, BNR will be in place at 66 wastewater treatment plants that treat 92% of sewage flows in the state. The Administration set an ambitious goal for voluntary wetlands restoration — 15,000 acres by 2010. To date approximately 4,700 acres have been restored.

Another program, the Voluntary Cleanup and Brownfields program, encourages the inspection, clean up and recycling of properties that may be impacted by hazardous waste. To date, 1,587 acres of property are in some phase of environmental assessment, clean up and redevelopment.

Significant budget initiatives are highlighted below.

- ❑ The budget includes \$967,000 for increased inspection and enforcement efforts in the water, solid waste and wetlands areas. This additional funding will allow MDE to improve its response to citizen complaints as well as provide a greater enforcement presence statewide.
- ❑ The budget also includes \$3.7 million and 46 new positions related to proposed fee legislation in the water, solid waste and hazardous materials reporting areas. This proposed expenditure will support additional enforcement personnel, permit writers and emergency response planners, as well as recycling programs, market development and data management.

Other MDE funding highlights are:

- ❑ An additional \$1.2 million to continue the Total Maximum Daily Loads (TMDL) program, begun in fiscal year 2001 and required by the Clean Water Act. Under this program, MDE collects and analyzes water samples and develops maximum allowable pollution loads in approximately 350 cases where pollution loads in impaired waters of the state must be managed, including 16 in Baltimore Harbor. The primary benefit of this activity is to protect water quality by keeping pollutants at or below acceptable levels.
- ❑ \$261,000 to monitor beaches and to post warnings of possible health threats due to bacterial contamination, as well as to better evaluate and mitigate the problem in accordance with the requirements of the federal Beaches Act.
- ❑ \$165,000 of funding to provide for consistent monitoring of shellfish environments to comply with state and federal shellfish standards.
- ❑ \$165,000 for expansion of the Environmental Justice program, that informs and educates low-income and minority communities about environmental decision-making, planning and policies.
- ❑ An additional \$800,000 for the continued development and implementation of a unified information technology application to support MDE's business processes.

The Department of the Environment comprises less than 1% of the overall state budget. Federal funds are principally EPA grants for water quality. Special funds include user fees dedicated to environmental purposes. Revolving loan funds include federal contributions and repayments of prior year loans to local governments.

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	45.8	58.7	55.1	-6.1%
Special Funds	139.4	144.5	84.7	-41.4%
Federal Funds	20.5	24.3	25.2	3.8%
Reimbursable Funds	3.9	4.5	4.5	-0.6%
Total	209.6	232.0	169.5	-26.9%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	123.0	132.1	62.3	-52.8%
Administrative & Employee Services Admin.	6.5	12.3	7.6	-38.2%
Water Management Administration	26.9	29.5	34.8	18.0%
Technical & Regulatory Services Admin.	15.4	15.9	19.9	25.7%
Waste Management Admin.	21.9	24.7	26.7	7.9%
Air & Radiation Management Admin.	13.0	13.4	14.2	5.6%
Coordinating Offices	2.9	4.1	4.0	-1.6%
Total	209.6	232.0	169.5	-26.9%
POSITIONS:				
Authorized	1,011.4	1,028.0	1,114.0	86.0
Contractual	42.2	52.3	54.6	2.3
Total	1,053.6	1,080.3	1,168.6	88.3

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Percentage of public water systems in significant compliance	84%	84%	84%
Percentage of Marylanders served by public water systems in significant compliance	99%	99%	99%
Acreage of water bodies for which fish or crab consumption advisories were issued	51,684	100,000	100,000
Percentage of inspected surface water sites/facilities (state and NPDES) in significant compliance	98%	99%	99%
Acres of wetlands restored or created other than those required for mitigation under the regulatory program	1,742	1,500	1,600
% of lead- tested children with "poisoned" levels	1.3%	1.2%	1.1%
% state population in areas not meeting air quality standards	87%	87%	87%
Number of acres in the Voluntary Clean-Up Program completed	120	275	250

Department of General Services

Maryland Budget Priorities FY 2003

***Mission:** The Department of General Services serves Maryland and its citizens by supporting other state agencies in achieving their missions. The department performs a variety of functions, including planning, design, and construction management; facilities maintenance; procurement of goods and services; receipt and distribution of excess property; and provision of real estate services. Through these activities, DGS addresses the need for: facilities that are safe, secure and function as needed; buildings, materials and services that help other state agencies achieve their objectives; and departmental actions that support social and economic goals important to the state. In all our undertakings, timeliness and cost-effectiveness are essential.*

THE DEPARTMENT OF GENERAL SERVICES (DGS) PROVIDES TECHNICAL EXPERTISE AND SUPPORT SERVICES FOR MOST STATE AGENCIES. DGS OPERATES AND MAINTAINS FACILITIES AROUND THE STATE; MANAGES THE DESIGN, CONSTRUCTION AND RENOVATION OF PUBLIC IMPROVEMENTS; PROVIDES REAL ESTATE SERVICES INCLUDING THE SALE AND PURCHASE OF PROPERTY, AND LEASING; MANAGES THE CENTRALIZED PROCUREMENT OF COMMODITIES AND EQUIPMENT; PROVIDES DIGITAL IMAGING, GRAPHIC ART WORK, MICROFILMING, PHOTOCOPYING, RECORDS STORAGE, MAIL AND COURIER SERVICES; PROVIDES OVERSIGHT IN THE AREAS OF FIXED ASSET AND INVENTORY MANAGEMENT; ACQUIRES SURPLUS FEDERAL PROPERTY AND DISTRIBUTES IT TO QUALIFIED DONEES FOR A SERVICE FEE; AND ACCUMULATES SURPLUS STATE PROPERTY WHICH IT SELLS.

BUDGET HIGHLIGHTS:

The fiscal year 2003 allowance for the Department of General Services totals \$82.5 million, an increase of 9.8% over the fiscal year 2002 appropriation. Significant budget initiatives are highlighted below.

Due to increased security needs at DGS managed facilities, 67 new DGS police officer positions plus three police communications operator positions created by the Board of Public Works are included in the Governor's budget. A \$2.4 million fiscal year 2002 deficiency appropriation provides funds for 56 of the seventy positions plus 39 contractual building guards, other operating expenses, overtime and shift differential costs incurred since 9/11, and hiring freeze exclusions. An additional \$431,000 deficiency appropriation in the Military Department will provide funds for 14 DGS police officers and operating expenses at the Camp Fretterd military reservation.

Heightened security at DGS managed facilities during FY 2003 will cost \$5.6 million. This includes the original 70 permanent positions cited above plus 29 positions to convert contractual building guards to authorized positions. Ten contractual building guards will remain to provide additional coverage during the legislative session. Funding also covers the costs associated with conversion of as-built drawings to digital format as well as hiring freeze exclusions. Other budget highlights are:

DGS launched Maryland's electronic procurement portal, *eMaryland Marketplace* in March 2000, at no cost to the state. The system has posted more than \$120 million in state procurements on its Web site and has grown to include 61 State

and local government agencies and more than 1,700 bidding vendors. Presented with five national awards in 2001, *eMaryland Marketplace* is the first fully functional state procurement platform to move beyond the development phase and to use a self-funding model.

- ❑ \$1.4 million and 22.5 positions are provided to open and properly maintain the new Westminster and South Baltimore District Courts/Multi-Service Centers and the renovated James Senate Office Building.
- ❑ In addition, \$236,000 and 5 positions are included to enhance the maintenance and janitorial services at the Miller Senate Office Building
- ❑ \$180,000 will be provided to support the Contract Litigation Unit principally for expert witness costs.
- ❑ \$315,000 is provided for additional Annapolis parking and shuttle bus service due to the construction of public housing on state parking lots.
- ❑ A grant to the City of Annapolis for fire and police protection increases by \$50,000. This is the final year of a three-year commitment by the Governor.
- ❑ \$50,000 will be made available to the future Governor-elect for the transition period between the next election and the inauguration.

The Department of General Services comprises less than 1% of the overall state budget.

BUDGET: \$82.5 MILLION
POSITIONS: 891.0

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	50.9	49.9	55.9	11.9%
Special Funds	1.9	2.1	1.7	-18.2%
Federal Funds	0.0	0.0	1.2	--
Reimbursable Funds	21.6	23.1	23.7	2.8%
Total	74.4	75.1	82.5	9.8%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	4.5	4.5	5.0	11.2%
Office of Facilities Operation & Management	47.3	49.3	58.3	18.2%
Office of Procurement and Contracting	2.5	2.7	2.8	2.7%
Office of Logistics and Special Projects	3.4	3.3	3.6	7.5%
Office of Real Estate	1.8	2.1	2.2	7.7%
Office of Facilities Planning, Design & Constr.	14.9	13.2	10.6	-19.9%
Total	74.4	75.1	82.5	9.8%
POSITIONS:				
Authorized	689.0	793.0	848.5	55.5
Contractual	26.5	32.0	42.5	10.5
Total	715.5	825.0	891.0	66.0

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Number of buildings maintained	53	53	55
% Construction projects finished within 20 days of schedule	55.6%	61%	67%
Number of thefts at DGS managed facilities	182	165	146
% Customer satisfaction for building janitorial services	74%	74%	73%

Department of Health & Mental Hygiene

Maryland Budget Priorities FY 2003

Mission: The Department of Health and Mental Hygiene promotes the health of all Maryland citizens by: providing health and support services; improving the quality of health care for all; providing leadership in the development and enactment of responsible and progressive health care policy; and serving as the advocate for public health initiatives and programs to improve the quality of life for all Marylanders. Maryland's public health is our business.

THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH) PROVIDES COMPREHENSIVE HEALTH AND MEDICAL SERVICES FOR THE MEDICALLY INDIGENT THROUGH INSTITUTIONS AND COMMUNITY-BASED PROGRAMS. MEDICAID, THE STATE-ADMINISTERED FEDERAL PROGRAM TO PROVIDE MEDICAL ASSISTANCE TO ELIGIBLE PARTICIPANTS, COMPRISES THE MAJORITY OF THE DEPARTMENT'S BUDGET.

BUDGET HIGHLIGHTS:

The allowance for the Department of Health and Mental Hygiene totals \$5.2 billion, an increase of 12.6 % over the fiscal year 2002 appropriation and a 67.6% increase since the beginning of the Glendening administration. Significant budget initiatives are highlighted below.

During the last seven years the population in psychiatric hospitals has decreased by 16%, from 1,700 average daily inpatients in 1995 to 1,424 in 2001. The Governor has increased funding for the Mental Hygiene Administration by 95% during the past eight years, to \$716.8 million. The focus is increasingly on community support for individuals leaving institutions and for those who prefer to remain in the community. In fiscal year 2003, \$25.2 million in state funds are added to provide direct services to the mentally ill, including \$6.7 million for community-based services for the Medicaid-eligible population, \$2 million for school-based mental health services, \$14.5 million in community-based services for non-Medicaid eligible individuals, and nearly \$2 million to improve worker salaries.

The Medicaid budget has grown by 61% since 1995, to a total of \$3.25 billion in fiscal year 2003. The number of individuals served under Medicaid has risen by 22% as of fiscal year 2002. This year the budget will fund medical services for over 587,000 eligible individuals. Services have expanded significantly in the past eight years, including the provision of medical services to all individuals under age 18 whose families are within 300% of the federal poverty level.

The Maryland Children's Health Program, implemented during this administration, is expected to provide medical services to over 116,000 children and 850 pregnant women this year. The number served will have grown by 92% since the program began in fiscal year 1999. The budget includes \$163 million to provide vital basic medical services to this vulnerable population.

The Medicaid budget includes a fiscal year 2002 deficiency of \$140 million of state funds to pay for increased caseloads and costs. General funds for nursing home costs of \$26 million and MCO rate increases of \$28 million are included in this

amount. Also included is \$16 million to address the increased utilization and cost of prescriptions.

In FY 2003 the Medicaid budget increases by \$227 million in state funds above the original fiscal year 2002 appropriation. On a total fund basis, \$50 million is added for rate increases for physicians and providers of Medicaid services; \$20 million for the second year of a targeted enhancement for nursing homes; \$29 million for nursing home inflation; and \$12.3 million for the expanded aging waiver. Combining the fiscal year 2002 deficiency and the fiscal year 2003 increase produces a total increase in Medicaid of \$367 million in state funds over the original fiscal year 2002 appropriation.

Funding for the Developmental Disabilities Administration has increased substantially during the Glendening administration, from \$321 million in 1995 to \$525 million in 2003, or 64%. Approximately 20,500 people are expected to receive state funded services in 2003. Only about 500 live in state residential centers, compared with 1,114 who were institutionalized eight years ago. This is another reflection of Maryland's continued, long-term implementation of policies in compliance with the *Olmstead* decision. The budget includes \$145 million for the Governor's Waiting List Initiative, which extends community services to individuals with developmental disabilities. Another initiative adds \$16.2 million in total funds to increase the salaries paid to the direct care staff of community providers. The goal is to improve staff retention and capacity, increasing the number of Marylanders receiving services in a less restrictive environment.

The Alcohol and Drug Administration is addressing a 30% increase in the use of heroin and other opiates over the last eight years. To combat the problem of drug and alcohol abuse the Governor has increased funding for drug prevention and treatment services by 130% during his administration, to \$134.5 million. The budget includes \$25 million specifically for drug treatment services in Baltimore City, and \$8 million for the Substance Abuse Treatment Outcome Partnership program, which supplements funding from local jurisdictions.

The Department of Health and Mental Hygiene is 23.5% of the overall state budget.

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	2,379.5	2,553.2	2,853.9	11.8%
Special Funds	204.6	189.2	209.2	10.6%
Federal Funds	1,809.1	1,864.3	2,127.2	14.1%
Reimbursable Funds	10.5	13.3	12.6	-5.3%
Total	4,403.7	4,620.0	5,202.9	12.6%
EXPENDITURES: (in millions of dollars)				
Medical Care Programs Administration (Medicaid)	2,736.5	2,860.5	3,309.5	15.7%
Community Health & Family Health Administrations	224.8	277.2	269.4	-2.8%
Mental Hygiene Administration	447.6	409.9	453.0	10.5%
Developmental Disabilities Administration	373.3	407.9	458.1	12.3%
State Psychiatric Hospitals and Regional Institutes	236.5	245.0	263.8	7.7%
State Residential Centers for the Developmentally Disabled	65.4	66.1	67.3	1.8%
Alcohol & Drug Abuse Administration	97.3	117.1	134.5	14.9%
AIDS Administration	43.6	48.7	49.1	0.8%
Chronic Disease Hospitals	36.5	37.2	42.6	14.5%
All Others	142.2	150.4	155.6	3.5%
Total	4,403.7	4,620.0	5,202.9	12.6%
POSITIONS:				
Authorized	8,413.1	8,535.8	8,572.8	37.0
Contractual	448.2	518.3	528.7	10.4
Total	8,861.3	9,054.1	9,101.5	47.4

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Medicaid Enrollment	441,748	464,400	470,000
Children's Health Program:			
Children 200 % of FPL	86,004	99,708	106,413
Children 300 % of FPL		3,000	10,000
WIC Food Program Recipients	93,229	95,465	96,950
Maryland Primary Care	7,281	7,040	7,281
Newborns Screened	71,262	70,000	70,000
Addictions Clients Served	37,279	49,050	50,000
Mental Hygiene Clients:			
Community-Based	80,193	78,832	82,077
State Hospital (Average daily inpatients)	1,424	1,409	1,428
Developmental Disabilities Clients:			
Community-Based	19,060	20,333	21,163
State Institutions	508	466	422

Maryland Higher Education Commission

Maryland Budget Priorities FY 2003

Mission: To coordinate a postsecondary education system comprised of different types of institutions so that they collectively function to enhance the economic development of the state, meet the career training and educational needs of the citizens of Maryland and promote civic responsibility in higher education students and graduates. MHEC provides statewide planning, leadership, vision, balance, coordination and advocacy for Maryland's postsecondary educational institutions and administers state financial aid. This agency's customers are postsecondary education institutions and students.

THE MARYLAND HIGHER EDUCATION COMMISSION (MHEC) ADVISES THE GOVERNOR AND GENERAL ASSEMBLY ON HIGHER EDUCATION POLICY, CONDUCTS STATEWIDE PLANNING FOR HIGHER EDUCATION, AND REVIEWS AND APPROVES MISSION STATEMENTS FOR PUBLIC INSTITUTIONS OF HIGHER EDUCATION. THE COMMISSION ALSO ADMINISTERS STUDENT FINANCIAL AID PROGRAMS, AID TO LOCAL COMMUNITY COLLEGES AND AID TO PRIVATE INSTITUTIONS OF HIGHER EDUCATION.

BUDGET HIGHLIGHTS:

The fiscal year 2003 allowance for the Maryland Higher Education Commission totals \$380 million after cost containment actions. Proposed contingent reductions will reduce the Maryland Higher Education Commission totals to \$353 million.

Student financial aid is expected to increase nearly 7.3%, or by \$5.9 million.

The Access and Success program and an additional HBCU Enhancement Fund will total \$12 million this year. These programs are intended to raise graduation rates, to support "best practices," and to fund debt service on \$75 million additional capital projects at the four historically black colleges and universities. These initiatives address the state's partnership agreement with the United States Department of Education, Office for Civil Rights.

Since fiscal year 1995, the administration has increased MHEC program funding by 98%, or \$175 million. This increase has been distributed among several significant budget initiatives that are highlighted below.

- ❑ Funding for scholarship programs since 1995 has risen by 170%, or a total of \$54.6 million. Scholarships awarded through commission programs grew by 81% to 57,446 since fiscal year 1995. The average scholarship amount over that time period has increased by 73%, raising the

average to \$1,859 per award. Included in the funds available for scholarships are recent programs to keep the best and brightest in Maryland – the Maryland Teacher Scholarships, the Maryland Science and Technology Scholarships and the Maryland HOPE Scholarships. These three programs total \$26.4 million in fiscal year 2003 and continue to grow as class cohorts and academic programs are added.

- ❑ The Educational Excellence Award (EEA) program will have increased by \$21.5 million since 1995 to a total of \$38.5 million in fiscal year 2003. EEA provides grants to full-time undergraduate students from low and moderate-income families who demonstrate financial need.
- ❑ Special aid programs to local community and four-year colleges, especially Historically Black Colleges and Universities (HCBU), will increase by \$14.3 million.
- ❑ Direct aid to community colleges has increased by 86% or \$77.4 million since 1995. During the same period, aid to non-public colleges and universities increased by 87% or \$22.9 million, to a total of \$49.1 million.

State aid for local Community Colleges including retirement contributions will total \$188 million in fiscal year 2003. The Maryland Higher Education Commission comprises 1.7% of the overall state budget.

BUDGET: \$380.6 MILLION
POSITIONS: 86.6

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	290.5	321.5	372.7	15.9%
Special Funds	6.0	6.3	3.9	-38.7%
Federal Funds	2.7	3.4	3.5	4.4%
Reimbursable Funds	0.1	0.2	0.5	140.7%
Total	299.3	331.4	380.6	14.9%
EXPENDITURES: (in millions of dollars)				
Administration & Grants	23.2	23.0	31.9	38.7%
Scholarships	71.2	83.9	91.0	8.5%
Aid to Community Colleges	163.3	178.5	205.4	15.1%
Aid to Non-public institutions	41.6	46.0	52.3	13.7%
Total	299.3	331.4	380.6	14.8%
POSITIONS:				
Authorized	82.6	83.6	83.6	0.0
Contractual	3.7	7.0	3.0	-4.0
Total	86.3	90.6	86.6	-4.0

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Scholarships Awarded	37,797	49,610	57,446
Average Award (\$)	1,840	1,649	1,859
FTE Enrollment (funding basis):			
State-Operated Institutions			
(USM, MSU, SMCM and BCCC)	96,372	98,331	101,250
Community Colleges	69,496	69,202	69,495
Private Institutions	32,214	32,965	34,251

Higher Education Institutions

Maryland Budget Priorities FY 2003

MARYLAND'S HIGHER EDUCATION INSTITUTIONS PROVIDE QUALITY, ACCESS AND DIVERSITY IN ALL ASPECTS OF TEACHING, RESEARCH AND PUBLIC SERVICE. STATE INSTITUTIONS INCLUDE THE UNIVERSITY SYSTEM OF MARYLAND (ENCOMPASSING 11 CAMPUSES AND 2 RESEARCH INSTITUTES), MORGAN STATE UNIVERSITY, ST. MARY'S COLLEGE OF MARYLAND AND BALTIMORE CITY COMMUNITY COLLEGE.

BUDGET HIGHLIGHTS:

The allowance for the Higher Education Institutions totals \$3.1 billion. This is an increase of 4.4% above the fiscal year 2002 appropriation after cost containment actions. After fiscal year 2002 contingencies, the general fund increase will be \$35 million or almost 4%.

During the past seven years the state has demonstrated a significant commitment to improve higher education in the state. Part of this commitment is directed at enabling the citizens of the state to benefit from the improved economic opportunity that increased education provides. Improved education and research are a major force in advancing the state's economic development.

Since fiscal year 1995, higher education institutions have realized a 63% increase in funding, or \$385 million. During this period, a series of enhancements have been distributed as follows:

- ❑ Since 1995, \$344 million of new state funding, a 62% increase since that time, was used for enhancements to the University System of Maryland and its component institutions to implement the Vision III funding plan, meet the expectations of the Larson Task Force, improve institutional funding in relation to peers in other states and offset inflation and employee COLA costs. These increases include the following components:
 - \$135 million for enhancements at the "flagship campus," the University of Maryland, College Park, including support for graduate academic programs and research faculty positions and salaries.
 - \$116 million for enhancements to the University of Maryland Baltimore County, Towson University and the system's other comprehensive higher education institutions.

- \$69 million for the University of Maryland, Baltimore and the two research institutions, UMCES and UMBI.
- \$18 million for University College to reduce dependency on high tuition levels, improve student financial assistance and enhance technology development.
- \$6 million for the System Office, including its Shady Grove program in cooperation with Montgomery College and other USM campuses.
- ❑ Since 1995, Morgan State University's budget increased by \$22 million, or 67%, for various academic, administrative and technology enhancements, as well as to address enrollment, inflation and cost of living increases.
- ❑ Baltimore City Community College received an additional \$14 million, for an 86% increase, resulting from a formula based on state funding for public four-year colleges over this period.
- ❑ Funding for St. Mary's College of Maryland increased \$4 million, or 39%, to provide for inflation under its mandated funding formula and to address enrollment increases.

The fiscal year 2003 budget preserves these previous commitments and continues forward progress for higher education in spite of current fiscal constraints.

Higher education institutions comprise 14% of the overall state budget. Included in other "unrestricted funds" are revenues from tuition/fees, sales and services and other miscellaneous sources. "Restricted funds" involve contracts, gifts and grants and are normally associated with sponsored research, public service or financial aid programs.

THREE YEAR SUMMARY

APPROPRIATIONS:

(in millions of dollars)

	FY01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
General Funds	886.5	969.9	1,001.2	3.2%
Other Current Unrestricted	1,237.4	1,304.8	1,372.0	5.1%
Subtotal Current Unrestricted	2,123.9	2,274.7	2,373.2	4.3%
Current Restricted	627.4	684.7	716.8	4.7%
Total	2,751.3	2,959.4	3,090.0	4.4%

EXPENDITURES: (in millions of dollars)

University System of Maryland

University of Maryland, Baltimore (UMB)	487.5	534.0	552.0	3.4%
University of Maryland, College Park (UMCP)	968.7	1026.8	1,061.5	3.4%
Bowie State University (BSU)	55.7	57.8	57.4	-0.7%
Towson University (TU)	215.8	223.1	238.4	6.9%
University of Maryland Eastern Shore (UMES)	63.5	68.1	69.3	1.8%
Frostburg State University (FSU)	68.4	71.1	72.5	2.0%
Coppin State College (CSC)	42.1	48.3	51.6	6.9%
University of Baltimore (U of B)	57.2	62.0	64.7	4.5%
Salisbury University (SU)	81.8	82.1	88.6	7.9%
University of MD University College (UMUC)	163.5	184.1	197.5	7.3%
University of MD Baltimore County (UMBC)	235.4	263.5	280.1	6.3%
Univ. of MD Center for Environmental Science	32.4	33.3	34.2	2.7%
Univ. of MD Biotechnology Institute (UMBI)	37.8	43.0	41.6	-3.2%
Univ. System of MD Office (USMO)	16.0	17.4	18.3	4.8%
Subtotal University System of MD (USM)	2,525.9	2,714.6	2,827.7	4.2%

Other State Universities and Colleges

Morgan State University (MSU)	129.7	138.0	148.3	7.5%
St. Mary's College of Maryland (SMCM)	38.4	41.2	43.4	5.2%
Baltimore City Community College (BCCC)	57.3	65.6	70.6	7.7%
Total	2,751.3	2,959.4	3,090.0	4.4%

POSITIONS:

Authorized	20,303.8	21,373.2	21,696.5	323.4
Contractual	6,227.2	5,762.6	6,052.1	289.5
Total	26,531.0	27,135.8	27,748.6	612.9

PERFORMANCE MEASURES

FTE Enrollment:

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
University System of Maryland (Statewide)	83,500	85,048	87,478
Morgan State University	5,689	5,860	6,006
St. Mary's College of Maryland	1,556	1,635	1,730
Baltimore City Community College (credit & non credit)	5,559	5,788	6,036
Total	96,372	98,331	101,250

Department of Housing & Community Development

Maryland Budget Priorities FY 2003

Mission: Working with partners, the Department of Housing and Community Development (DHCD) revitalizes communities, encourages home ownership, expands affordable housing opportunities and enhances Maryland's historic sites and traditions by providing resources not available through the private sector. We will achieve our mission by carefully using our financial resources and committing ourselves to fairness and efficiency. The employees of DHCD are dedicated to providing responsive and compassionate service to the people of Maryland.

THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT OPERATES FINANCE PROGRAMS TO SUPPORT THE DEVELOPMENT OF APPROPRIATE AND AFFORDABLE HOUSING, PROMOTES NEIGHBORHOOD REVITALIZATION AND ADMINISTERS HISTORICAL AND CULTURAL PROGRAMS.

BUDGET HIGHLIGHTS:

The allowance for the Department of Housing and Community Development totals \$255 million after cost containment actions. The Department's budget will continue to support the State's major efforts to promote Smart Growth, to develop neighborhoods, to finance additional housing and to prevent lead poisoning. Several significant budget initiatives in these and other areas are highlighted below:

- ❑ \$14.3 million is provided for Community Legacy, which offers flexible, innovative resources for local governments working to stabilize or revitalize at-risk neighborhoods. This Smart Growth initiative enables older communities to attract private investment and to overcome the funding gaps and administrative barriers that prevent the effective use of state resources for community revitalization.
- ❑ \$8 million is provided for the Neighborhood Business Development Program. This program encourages Smart Growth by assisting small business development and expansion in urban, suburban and rural communities targeted for revitalization.
- ❑ \$350,000 is budgeted for the Live Near Your Work Program. This program supports Smart Growth by providing state funds matched by local government and employer contributions to offer incentives to employees to purchase homes near their work place. Currently 120 employers in eight jurisdictions participate in the program. Last year the program was expanded to include state employees.
- ❑ \$480,000 in funding is included for the Smart Codes Program, which established a uniform Maryland Building Rehabilitation Code. The new code reduces the cost and complexity of improving existing buildings. A Smart Codes Hotline and a comprehensive series of training have been established to assist with the implementation of the code.
- ❑ \$47.7 million is provided for housing finance programs, including \$8.8 million in general obligation bonds and \$6.4 million in federal funds. These provide funding for multi-family rental housing, continued funding for the Downpayment and Settlement Expense Loan Program and the Disabled Borrowers' Loan Program as well as a new homeownership acquisition/rehabilitation initiative.
- ❑ \$3.5 million is included for the Lead Hazard Reduction Initiative in Baltimore City to continue the State's efforts to prevent lead poisoning.
- ❑ \$500,000 is included for Self-Help Housing. This program provides technical assistance funds for local governments and non-profit groups that are operating self-help homeownership technical assistance programs.
- ❑ \$4.8 million is provided for the Maryland History Investment Fund, which provides funding to history museums, local governments and local heritage organizations for technical assistance and operating grants, project grants or acquisition and development grants. These monies also provide funding to protect and stabilize state-owned historic properties.
- ❑ \$109.6 million from the U.S. Department of Housing and Urban Development (HUD) enables DHCD to administer Section 8 housing contracts between HUD and property owners throughout the State.

The Department of Housing and Community Development comprises 1.2% of the overall state budget.

BUDGET: \$255.1 MILLION
POSITIONS: 533.9

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	39.4	53.4	49.1	-8.0%
Special Funds	49.9	40.1	42.5	6.1%
Federal Funds	63.3	163.5	163.2	-0.2%
Reimbursable Funds	2.3	0.3	0.3	11.1%
Total	154.9	257.3	255.1	-0.8%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	6.4	6.4	6.3	-1.0%
Division of Credit Assurance	4.8	5.2	5.5	6.2%
Division of Historical & Cultural Programs	9.4	11.0	11.7	6.6%
Division of Neighborhood Revitalization	33.2	37.7	36.7	-2.5%
Division of Development Finance	94.1	189.5	186.6	-1.5%
Division of Information Technology	2.6	2.6	3.5	33.4%
Division of Finance & Administration	4.4	4.9	4.8	-3.6%
Total	154.9	257.3	255.1	-0.8%
POSITIONS:				
Authorized	421.0	449.0	453.0	4.0
Contractual	52.1	79.7	80.9	1.2
Total	473.1	528.7	533.9	5.2

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Active Loans:			
Single Family/Multi-Family Financed Loans	22,875	23,000	23,500
State-Financed Loans	5,221	5,700	6,000
Neighborhood Business Grants & Loans	110	130	160

Department of Human Resources

Maryland Budget Priorities FY 2003

Mission: *We will aggressively pursue opportunities to assist people in economic need, increase prevention efforts and protect vulnerable children and adults.*

THE DEPARTMENT OF HUMAN RESOURCES PROVIDES INTERVENTION SERVICES TO STABILIZE FAMILIES AND VULNERABLE ADULTS; ENCOURAGES FINANCIAL INDEPENDENCE BY PROVIDING TEMPORARY SUPPORT AND TRANSITIONAL SERVICES, INCLUDING CHILD CARE SUBSIDIES; PROVIDES ECONOMIC SUPPORT FOR CHILDREN THROUGH COURT-ORDERED CHILD SUPPORT; AND PROVIDES FOR THE WELFARE OF CHILDREN AT RISK.

BUDGET HIGHLIGHTS:

The budget for the Department of Human Resources totals \$1.57 billion, an increase of 6.5% over last year's appropriation. Significant budget initiatives are highlighted below.

- ❑ The state continues to improve the quality of childcare. An improved childcare system will enhance development and achievement of the children it serves. Improvements in the areas of credentialing, childcare providers training and a centralized information management system are moving forward.
- ❑ The expansion of eligibility for purchase of care assistance has resulted in 11,241 more children being served by the state since fiscal year 1996. In fiscal year 2003, \$138 million is being provided for purchase of care, an increase of \$12.7 million over fiscal year 2002. Much of the increase targets former temporary cash assistance recipients to assist their transition from welfare to work.
- ❑ \$15.4 million has been provided to support the Community Choices program, which has been expanded to 400 participants. This program enables adults with disabilities to maintain themselves in their own homes.
- ❑ A child welfare workforce enhancement initiative will deploy 108 new positions by June 30, 2003. These positions will reduce caseload levels to meet Child Welfare League of America staffing ratios. This is the second installment of a staffing plan resulting in 217 additional caseworkers.
- ❑ \$364 million is being provided for assistance payments, of which \$123 million is for payments to Temporary Cash Assistance (TCA) recipients. This TCA amount includes \$7.4 million to provide a 7.5% grant increase for needy, unemployed, under employed or part time workers and their families who meet certain qualifications. Federal funds for food stamps provide another large component of this program, totaling \$200 million.
- ❑ Decreases in the TCA caseload experienced during the past seven years have slowed and now leveled off. Since the fiscal year 2002 budget assumed that decreases would continue, a deficiency is provided in the amount of \$28.9 million for fiscal year 2002 to fund the higher than expected caseload. The TCA caseload is anticipated to remain stable at 73,835 recipients in fiscal year 2003. This 68% decline from the 227,887 customers during January 1995 is an indicator of the success of welfare reform.
- ❑ \$44.7 million is being provided to assist individuals facing multiple barriers to employment through a variety of locally generated initiatives. This represents the seventh year of funding by this Administration for local projects that assist welfare recipients to obtain and hold employment.
- ❑ Children who are unable to live at home because of abuse or neglect are in need of foster care and adoption services. More of these children now require institutional and other non-family foster care services. A \$10.9 million deficiency appropriation in fiscal year 2002 and an \$11.4 million enhancement in fiscal year 2003 are proposed to address the costs of these services
- ❑ Due to the challenges in attainment of federal funds for citizens vulnerable to abuse or neglect, a \$10.2 million deficiency for fiscal year 2002 and a \$5.1 million enhancement in fiscal year 2003 is being provided. These monies will support continuing child welfare and adult services in the local departments of social services.
- ❑ The Governor's budget provides a \$1.6 million deficiency in fiscal year 2002 to fund the relocation of the Baltimore County Department of Social Services.
- ❑ A \$6.5 million deficiency is being provided for fiscal year 2002 to address service needs within the local departments of social services and ensure that the needs of children and adults at risk of abuse or neglect and families in need of temporary assistance are met.

The Department of Human Resources comprises 7% of the overall state budget. Federal funds are mainly utilized for public assistance payments, social services costs and food stamp benefits. Special funds are principally local government funds and child support collections.

BUDGET: \$1.6 BILLION
POSITIONS: 8,586.7

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	465.2	480.8	496.6	3.3%
Special Funds	64.5	64.6	74.7	15.6%
Federal Funds	951.9	921	991.6	7.7%
Reimbursable Funds	7.8	11.3	10.5	-7.1%
Total	1,489.4	1,477.7	1,573.4	6.5%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	11.8	12.7	13.8	8.7%
Social Services Administration	24.7	28.9	34	17.6%
Community Services Administration	113.7	108.2	127.9	18.2%
Child Care Administration	32.1	41.4	47.1	13.8%
Operations Office	82.4	16.8	18.7	11.3%
Office of Technology for Human Services	73.8	69.3	77.5	11.8%
Local Department Operations	1,083.6	1,122.9	1,174.2	4.6%
Child Support Enforcement Administration	43.4	46.9	47.4	1.1%
Family Investment Administration	23.9	30.6	32.8	7.2%
Total	1,489.4	1,477.7	1,573.4	6.5%
POSITIONS:				
Authorized	7,652.4	8,279.6	8,426.6	147
Contractual	354.1	179.6	160.1	-19.5
Total	8,006.5	8,459.2	8,586.7	127.5

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Public assistance caseload (AFDC/TANF)	75,710	74,458	73,835
Child care slots subsidized	27,218	28,037	28,782
Child protection Investigations	31,548	32,000	32,000
Foster care average caseload	9,909	11,000	11,000
Number of children adopted	852	850	900
Percent of current child support paid	60.29%	61.29%	62.29%
Job retention rate of Temporary Cash Assistance customers	74%	75%	77%
Percent of Child Welfare Service customers who do not have a finding of abuse or neglect while receiving services	95.8%	95%	95%

Department of Juvenile Justice

Maryland Budget Priorities FY 2003

Mission: *The Department of Juvenile Justice embraces a balanced and restorative justice philosophy. DJJ strives to ensure the public safety and protection of the community, to hold juvenile offenders accountable to victims and communities, and to develop youth competency and character to assist them in becoming responsible and productive members of society.*

THE DEPARTMENT OF JUVENILE JUSTICE (DJJ) PROVIDES PROGRAMS FOR THE TREATMENT AND CONTROL OF JUVENILE OFFENDERS, INCLUDING "DETAINED" YOUTH WHO ARE AWAITING COURT DISPOSITION, "COMMITTED" YOUTH WHO HAVE BEEN PLACED IN DJJ'S CUSTODY BY A JUVENILE COURT AND YOUTH UNDER COMMUNITY SUPERVISION. PROGRAMS INCLUDE INSTITUTIONAL AND COMMUNITY FACILITIES OPERATED BY THE DEPARTMENT OR ITS CONTRACTORS AND A WIDE VARIETY OF COMMUNITY-BASED NONRESIDENTIAL PROGRAMS. ON AN AVERAGE DAY, DJJ HAS CUSTODY OF OVER 2,000 YOUTH IN RESIDENTIAL PLACEMENTS AND OVER 13,500 UNDER SUPERVISION IN THE COMMUNITY.

BUDGET HIGHLIGHTS:

The fiscal year 2003 allowance for the Department of Juvenile Justice totals \$198 million, with \$179 million from the general fund. This represents an increase of 8.7% over the fiscal year 2002 appropriation. Significant budget initiatives are highlighted below.

- ❑ \$6.4 million is provided for the annualization of staff and operating expenses at the Baltimore Juvenile Justice Center. This new facility, scheduled to open for clients in June, will provide a convenient all-inclusive site for the admission, adjudication and aftercare of Baltimore area youths in need of DJJ services.
- ❑ \$923,000 is provided for enhanced admissions, mental health and substance abuse screening services of youth coming into the juvenile justice system.
- ❑ \$1.9 million, provided for staff and operating expenses at the new Lower Eastern Shore Detention Center for Youths, will provide beds for 24 male or female felony offenders.
- ❑ \$2.5 million for the continuation of community and neighborhood-based programs and resources to reduce delinquent behavior.

The Department of Juvenile Justice has experienced a 75% increase in funding since fiscal year 1996 and employs approximately 1,000 more staff to serve the needs of its population. Significant commitments to improve services for juvenile offenders and to increase public safety include:

- ❑ Enhanced use of electronic monitoring and community based programming, resulting in a decrease in the number of youth maintained in residential settings.
- ❑ Operation Spotlight on Schools, a program to reduce juvenile recidivism through intense community supervision.
- ❑ Earn It, a program to compensate juvenile crime victims through a business partnership with DJJ clients.
- ❑ Pilot Mentorship, a program that created paid internships for students and community leaders to supplement probation programs in Southern Maryland.
- ❑ Break the Cycle programs in Baltimore City and the Eastern Shore that provide substance abuse treatment to DJJ clients.
- ❑ Hot Spots to provide intensive community supervision by juvenile counselors to clients in selected communities.
- ❑ Two adjustments increasing salaries for juvenile counselors to improve recruitment, retention, and staff qualifications for those dealing with juvenile offenders.
- ❑ Expansion of staffing by 191 positions in fiscal years 2000 and 2001 to allow front-line workers to have lower caseloads that will allow them to serve client needs better.

The Department of Juvenile Justice comprises 1% of the overall state budget.

THREE YEAR SUMMARY

	FY 00 Actual	FY 01 Appropriation	FY 02 Allowance	Change FY01-FY02
APPROPRIATIONS: (in millions of dollars)				
General Funds	150.3	162.2	178.7	10.2%
Special Funds	0.3	0.1	0.3	200%
Federal Funds	14.3	16.8	15.2	-9.5%
Reimbursable Funds	3.8	3.5	4.3	22.9%
Total	168.7	182.6	198.5	8.7%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	3.9	4.6	4.0	-13.0%
Departmental	21.5	12.1	13.5	11.6%
Professional Responsibility and Account	1.7	2.0	2.6	30.0%
Residential Operations	53.7	64.2	75.3	17.3%
Admissions	8.7	11.1	12.5	12.6%
Community Justice Supervision	79.2	88.6	90.6	2.3%
Total	168.7	182.6	198.5	8.7%
POSITIONS:				
Authorized	1,612.5	2122.7	2,128.2	5.5
Contractual	317.3	135.3	139.9	4.6
Total	1,929.8	2,258.0	2,268.1	10.1

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Number of referrals to intake	52,323	53,000	53,000
Number of youth placed on informal supervision	14,290	14,350	14,500
Number of detention requests	6,065	4,021	3,619
Number of Intake detention authorizations	3,037	2,010	1,809
Percent of youth assessed or evaluated in the six domain areas			
of the Early Periodic Screening Program	*	40%	100%
Percent of intake decisions made using risk tool guidelines	*	50%	99%
Percent of petition authorizations consistent with risk scores	*	50%	95%
Percent of youth administered a needs screening	*	50%	100%
Percent of eligible youth placed in detention alternatives	*	70%	90%

* Data not available

Department of Labor, Licensing & Regulation

Maryland Budget Priorities FY 2003

Mission: The employees of the Department of Labor, Licensing and Regulation safeguard and protect Maryland citizens and support the economic stability of the State by providing businesses, the workforce, and consumers with high quality customer-focused regulatory, employment and training services.

THE DEPARTMENT OF LABOR, LICENSING AND REGULATION (DLLR) MANAGES JOB TRAINING PROGRAMS, ADMINISTERS THE UNEMPLOYMENT INSURANCE PROGRAM, AND ENFORCES WAGE AND HOUR LAWS. THE DEPARTMENT ALSO EXAMINES, LICENSES AND REGULATES VARIOUS BUSINESSES, PROFESSIONS AND TRADES. DLLR HAS PRIMARY REGULATORY AUTHORITY OVER STATE CHARTERED BANKS, RAILROAD SAFETY AND HEALTH, HORSE RACING AND OCCUPATIONAL SAFETY AND HEALTH.

BUDGET HIGHLIGHTS:

The allowance for the Department of Labor, Licensing and Regulation totals \$198.1 million, an increase of 1.4% over the fiscal year 2002 appropriation.

State general funds increase by \$4.7 million, or 18.2%. Significant budget initiatives are highlighted below.

- ❑ \$2.3 million is provided to offset the impact of failed legislation for the Division of Occupational and Professional Training.
- ❑ \$129,000 to implement new regulations that allow credit unions to offer additional services including home banking and mortgage lending. Also included in the new regulations are changes in the law that allow credit unions to expand the definition of "membership" in order to serve more Maryland citizens and businesses.
- ❑ \$120,000 to increase the number of inspectors for boilers and pressure vessels and to increase monitoring quality assurance programs to ensure the safe operation of these machines.
- ❑ \$131,000 to enhance elevator safety requirements, more closely monitor violations and reduce the backlog of elevator inspections that now exists.
- ❑ \$321,000 to establish an Elevator Safety Review Board to license elevator contractors and elevator mechanics. This will assure the competency of the licensees and improve the maintenance and safety of elevators.
- ❑ \$283,000 to add home inspectors to the Commission of Real Estate Appraisers. Previously, home inspectors had not been licensed and consumers were not assured of the competency of the inspector.
- ❑ Deficiency funding of \$170,000 is provided to upgrade the DLLR computer system.

The Division of Occupational and Professional Licensing has just completed full implementation of its electronic licensing initiative which permits all applicants and licensees to conduct transactions over the Internet. During fiscal year 2001, over 70% of eligible individuals, or approximately 175,000 applicants in 18 regulated business occupations and professions, used the electronic option to renew their licenses. The system also allows the general public to inquire as to whether someone is licensed, whether they have been disciplined and to search for licensed professionals by area code or zip code.

As a result of the initiatives in electronic licensing, the tracking of inspections and code violations in all regulatory divisions, the Department of Labor, Licensing and Regulation was ranked highest in an evaluation of Maryland's E-Government activities by the Gartner Group this past year.

Maryland's Occupational Safety and Health Program (MOSH) affects the economic health of the state by preventing injuries and illnesses, saving employers the costs of accidents and reducing workers' compensation costs. The MOSH consultation program and Cooperative Partnership program work with employers to implement activities that train both employers and employees to be safer in the workplace. Maryland now has the tenth lowest injury and illness rate for private industry in the nation.

The Department of Labor, Licensing, and Regulation comprises 1% of the overall state budget.

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	26.5	26.0	30.7	18.2%
Special Funds	15.7	14.6	11.1	-24.4%
Federal Funds	133.5	154.7	154.1	-0.4%
Reimbursable Funds	2.8	0.0	2.2	100.0%
Total	178.5	195.3	198.1	1.4%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	16.5	16.1	17.7	9.9%
Division of Financial Regulation	3.7	4.2	4.5	7.1%
Division of Labor & Industry	11.4	11.5	12.4	8.1%
Division of Racing	15.2	9.3	9.5	2.1%
Division of Occupational & Professional Licensing	6.2	6.9	8.2	19.0%
Division of Employment & Training	125.5	147.3	145.8	-1.0%
Total	178.5	195.3	198.1	1.4%
POSITIONS:				
Authorized	1,708.0	1,706.0	1,716.0	10.0
Contractual	132.0	91.5	106.7	15.2
Total	1,840.0	1,797.5	1,822.7	25.2

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Number of fatal railway accidents	3	2	2
Number of railroad accident injuries	17	16	17
Amusement ride safety violations corrected	1,514	3,500	3,600
Pressure vessels safety violations corrected	3,959	3,500	3,700
Elevator safety violations corrected	3,730	2,5001	2,652
Serious incidents — amusement rides	15	13	10
Serious incidents — boilers and pressure vessels	41	50	50
Serious incidents — elevator	1	1	1
Licensing complaints received	3,168	3,300	3,500
Licensing complaint resolution time (average in days)	178	173	168
% of registered job seekers with services gaining employment	36%	36%	36%
Regulated depository institutions	74	76	78
Regulated non-depository institutions	2,329	2,2800	2,900

Department of Natural Resources

Maryland Budget Priorities FY 2003

Mission: For today and tomorrow, the Department of Natural Resources inspires people to enjoy and live in harmony with their environment and to protect what makes Maryland unique - our treasured Chesapeake Bay, our diverse landscapes and our living and natural resources.

THE DEPARTMENT OF NATURAL RESOURCES (DNR) PROMOTES THE PROTECTION, ENHANCEMENT AND BALANCED USE OF MARYLAND'S NATURAL RESOURCES; MANAGES THE STATE'S FORESTS, PARKS AND WILDLIFE; REGULATES HUNTING, FISHING AND BOATING; AND ADMINISTERS THE OCEAN CITY BEACH MAINTENANCE PROGRAM, PROGRAM OPEN SPACE AND CHESAPEAKE BAY PROGRAMS. THE DEPARTMENT MANAGES 350,000 ACRES OF LAND.

BUDGET HIGHLIGHTS:

The budget for the Department of Natural Resources totals \$291 million, a decrease of 3.2% over the fiscal year 2002 appropriation. After adjusting for the decrease in PAYGO capital in fiscal year 2003, the Department's budget shows an increase of \$13.5 million or 7.8%. This budget reinforces the state's commitment to maintaining and enhancing the natural resources of Maryland. Sizeable initiatives are directed to preserve and restore key marine species and to conserve natural lands and parks. The infrastructure to support these programs and others also receives some much-needed funding. Significant budget initiatives are highlighted below.

- ❑ The budget includes \$3 million for oyster restoration to continue the state's efforts to bring back a sustainable population of oysters.
- ❑ \$13.3 million is provided for the Rural Legacy program to expand the state's efforts to conserve rural lands in the state.
- ❑ \$1.2 million is included for the second year of a two-year initiative to increase funds available for operating expenses for state parks. The budget also includes \$273,000 to fund maintenance projects and facility upgrades at some parks.
- ❑ The department's budget contains \$498,000 to support programs related to the research and restoration of the blue crab population. It is necessary to conduct research on the decline in abundance of this population, which has had significant economic and environmental impacts on Maryland. \$177,000 is included for the development and implementation of fishery management plans for blue crabs, hard clams and finfish to help sustain these populations.
- ❑ \$200,000 is budgeted for Stream and Chesapeake Bay Monitoring. This multi-year commitment will enable the department to continue its monitoring efforts and develop specific reduction strategies and evaluate restoration projects.

- ❑ \$290,300 is provided to expand submerged aquatic vegetation (SAV) restoration efforts. This initiative will allow schools and community groups to participate in SAV restoration, which is essential to the health of the Chesapeake Bay.
- ❑ \$250,000 is included for the Green Building initiative to assist developers and local governments to implement environmentally sound business practices.
- ❑ \$120,000 is provided to continue the department's terrapin conservation and stewardship efforts. This program is designed to engage the non-angling public in fishery management and natural resource conservation issues.
- ❑ \$750,000 in general funds is included to replace Waterway Improvement Funds that supported Natural Resources Police operations. This will increase funds available for waterway improvement projects.
- ❑ The budget also includes \$400,000 for the second year of a four-year initiative to create a wide-area network, and \$200,000 for the purchase of fleet vehicles. These enhancements will provide the support necessary for the department to maintain operations.

This wide-ranging set of initiatives will allow the state to continue progress in its natural resource preservation efforts.

The Department of Natural Resources comprises 1.3% of the overall State budget. Most of DNR's special funds are for Program Open Space and the Rural Legacy Program, which are funded from the property transfer tax. Other large special fund sources are the Waterway Improvement Fund from the excise tax on boat sales and the Forest and Park Reserve Fund from park fees and forestry sales. Federal funds are principally for Chesapeake Bay and Coastal Management activities.

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	66.2	96.7	91.3	-5.5%
Special Funds	151.0	169.3	164.7	-2.7%
Federal Funds	23.8	26.7	25.3	-5.1%
Reimbursable Funds	8.6	7.3	9.2	25.8%
Total	249.6	300.0	290.5	-3.2%

EXPENDITURES: (in millions of dollars)

Office of the Secretary	10.0	11.1	14.0	26.1%
Forest, Wildlife and Heritage Service	18.7	19.7	21.5	9.1%
State Forest and Park Service	39.8	45.6	45.8	0.4%
Capital Grants & Loan Administration	95.6	125.8	104.6	-16.9%
Licensing and Registration Service	3.5	3.4	3.7	8.8%
Natural Resources Police	24.7	27.2	29.3	7.7%
Resource Planning	1.7	1.8	2.0	11.1%
Engineering and Construction	4.4	5.4	5.5	1.9%
Chesapeake Bay Critical Areas	2.2	1.9	2.1	10.5%
Resource Assessment Service	16.6	17.6	18.5	5.1%
Maryland Environmental Trust	0.8	0.8	1.4	75.0%
Chesapeake and Coastal Watershed Service	14.2	18.2	18.7	2.7%
Education, Bay Policy & Growth	1.8	2.0	2.3	15.0%
Fisheries Service	15.6	19.5	21.1	8.2%
Total	249.6	300.0	290.5	-3.2%

POSITIONS:

Authorized	1,587.7	1,631.2	1,643.2	12.0
Contractual	331.2	416.3	491.3	75.0
Total	1,918.9	2,047.5	2,134.5	87.0

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Number of persons attending DNR outreach event	400,000	500,000	550,000
Vessels Registered	114,826	98,844	116,000
Commercial Fishing Licenses	7,220	7,900	7,900
Sport Fishing Licenses	531,514	533,000	533,000
Sport Hunting Licenses	221,140	230,000	230,000
Miles of forest riparian buffers established	269	300	300
Acres of wetlands restored	1,075	1,000	1,000

Department of Planning

Maryland Budget Priorities FY 2003

Mission: Provide information and services that improve the ability of state and local government, and community, development and environmental organizations to support desirable growth in Maryland. Promote growth in Maryland that fosters vibrant, livable communities, preserves and protects the environment and makes efficient use of state resources.

THE DEPARTMENT OF PLANNING (MDP) WORKS WITH STATE AGENCIES AND LOCAL GOVERNMENTS IN PLANNING OVERALL GROWTH AND DEVELOPMENT IN MARYLAND. THE DEPARTMENT UNDERTAKES SPECIAL STUDIES, SUBMITS REPORTS, AND GIVES ADVICE ON MATTERS CONCERNING THE RESOURCES AND DEVELOPMENT OF THE STATE.

BUDGET HIGHLIGHTS:

The budget for the Department of Planning (DOP) totals \$11.1 million, an increase of 14.4% over fiscal year 2002.

Since fiscal year 1995, the department has focused its efforts towards promoting Smart Growth. In 2000, DOP was elevated to cabinet status. The proposed fiscal year 2003 budget for the department is more than twice that of the former Office of Planning in fiscal year 1995.

DOP works with other state agencies and local governments to focus growth in already developed areas, to preserve natural and agricultural lands and to effectively utilize existing public infrastructure. Through 2001, 19% of Maryland's land area has been permanently protected from development, moving towards a goal of 20% by 2010. In 2001, 70% of the state's development occurred within priority funding areas designated by the Smart Growth program.

Significant budget initiatives are highlighted below.

- ❑ The budget adds \$400,000 for Smart Growth outreach. To achieve lasting results, Maryland's Smart Growth initiatives

require the active participation of citizens, businesses, local governments and community organizations. This program will use advertising, marketing and polling techniques to provide effective public information.

- ❑ An additional \$269,000 is provided for development of computer modeling techniques and local government assistance for watershed-based assessments and environmentally sound planning to implement the Chesapeake 2000 agreement.
- ❑ Two attorneys will provide legal assistance to the department for environmental and Smart Growth issues.
- ❑ The budget eliminated funding associated with the cost of the decennial census and redistricting processes in fiscal year 2002. \$85,000 is retained for ongoing analysis and distribution of 2000 census data.

The Department of Planning comprises less than 1% of the overall state budget.

BUDGET: \$11.1 MILLION
POSITIONS: 146.5

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	7.2	8.5	9.6	12.7%
Special Funds	0.3	0.0	0.2	--
Reimbursable Funds	3.5	1.2	1.3	5.3%
Total	11.0	9.7	11.1	14.4%
EXPENDITURES: (in millions of dollars)				
Parcel Mapping	0.8	0.5	0.8	60.0%
Clearinghouse	0.6	0.6	0.6	0.0%
Data Services	2.3	2.2	1.5	-31.8%
Comprehensive & Local Planning	3.8	3.9	4.7	20.5%
Administration	3.5	2.5	3.5	40.0%
Total	11.0	9.7	11.1	14.4%
POSITIONS:				
Authorized	126.0	135.0	138.0	3.0
Contractual	19.0	16.0	8.5	-7.5
Total	145.0	151.0	146.5	-4.5

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Percentage of approved improvements that are to existing public schools rather than new construction.	96%	94%	94%
Number of Maryland Property View Map files processed	2,800	2,800	2,800
Number of web-enabled jurisdictional socio-economic projections	398	398	398

Department of Public Safety & Correctional Services

Maryland Budget Priorities FY 2003

The Department of Public Safety and Correctional Services (DPSCS) helps keep Maryland communities safe and provides services to the victims of crime by ensuring the security, safety and well-being of defendants and offenders under the department's supervision. Additionally, the department provides criminal justice and law enforcement agencies with timely access to accurate information about defendants and offenders.

THE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES IS RESPONSIBLE FOR THE INCARCERATION AND COMMUNITY SUPERVISION OF ADULT CRIMINAL OFFENDERS. THE DEPARTMENT WILL OPERATE 27 CORRECTIONAL FACILITIES. THE DEPARTMENT ALSO OPERATES INNOVATIVE ALTERNATIVE PROGRAMS TO INCARCERATION, LIKE BREAK THE CYCLE, THE DRINKING DRIVER MONITORING PROGRAM, CORRECTION OPTIONS PROGRAM AND DRUG TREATMENT COURT. OTHER FUNCTIONS INCLUDE THE INMATE GRIEVANCE OFFICE, CRIMINAL INJURIES COMPENSATION BOARD, MARYLAND COMMISSION ON CORRECTIONAL STANDARDS AND THE POLICE AND CORRECTIONAL TRAINING COMMISSION.

BUDGET HIGHLIGHTS:

The allowance for the Department of Public Safety and Correctional Services is nearly \$943 million. This funding level represents an increase of \$52 million, or nearly 4.4% over the fiscal year 2002 appropriation. Significant budget initiatives funded through state general funds are highlighted below.

- ❑ \$4.6 million for 243 additional correctional officer positions. This is the second year of a five-year plan to increase staff to required levels to enhance security and improve service delivery and programming. The personnel plan will increase the number of Correctional Officers by 604 positions over five years.
- ❑ \$288,073 for the addition of 17 agents for the second year of the four-year staffing plan for Proactive Community Supervision. The plan, when fully implemented, will decrease caseloads, enhance community visibility, reduce recidivism and increase staff interaction with parolees and probationers by having agents spend more time in the community instead of the office.
- ❑ \$4.5 million in reimbursable funds and proposed Information Technology Investment Funds (ITIF) for the purchase, installation and deployment of commercial off-the-shelf software for the Maryland Integrated Offender Management System. This initiative will automate many manual functions and create an offender-based (rather than incident-based) history record shared by all criminal justice and law enforcement users.
- ❑ \$0.8 million in proposed ITIF to acquire and install hardware and software telecommunications circuits for a redundant network that is critical for DPSCS's continuous operations;
- ❑ \$1.3 million in reimbursable funds for additional hardware and software support to address service delivery issues at the Public Safety Data Center; and

- ❑ \$269,850 in proposed ITIF for the replacement of an obsolete telephone system at Eastern Correctional Institution.
- ❑ During the current administration, the department has received over \$45 million to improve information technology systems.

Additional items included in the fiscal year 2003 allowance include:

- ❑ The relocation of the Residential Substance Abuse Treatment program from the Division of Correction Headquarters to the Patuxent Institution. This move will better serve those inmates diagnosed as needing special services as such the intellectually impaired, emotionally imbalanced, mentally ill and/or non-violent substance abusers. The program is funded through a five-year federal grant and more than \$250,000 in reimbursable funds under a partnership with the Department of Health and Mental Hygiene.
- ❑ The Criminal Injuries Compensation Board awards grants to innocent victims of crime through a combination of federal grants and the Criminal Injuries Compensation Fund. The Board anticipates receiving more than 1,300 claim applications. In addition to traditional claims for victims' assistance, the Board will be reviewing claims from Maryland residents associated with the terrorist attacks of September 11th. The recommended allowance for all claims to be distributed by the Board is \$5.7 million.

The Department of Public Safety and Correctional Services comprises 4.3% of the overall state budget. Special funds are principally "9-1-1" telephone fees and State Use Industries revenue.

BUDGET: \$942.9 MILLION
POSITIONS: 12,465.0

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	728.2	767.9	814.9	6%
Special Funds	102.7	108.2	107.3	-1%
Federal Funds	9.6	13.7	6.2	-55%
Reimbursable Funds	9.6	13.2	14.5	10%
Total	850.1	903.0	942.9	4.4%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	103.7	104.3	97.5	-6.5%
Division of Correction Headquarters	24.4	23.4	25.7	9.8%
Jessup Region	90.3	97.9	102.3	4.5%
Baltimore Region	95.1	98.6	103.5	4.9%
Hagerstown Region	117.4	120.3	130.7	8.6%
Women's Facilities	21.0	22.5	23.8	5.8%
Maryland Correctional Pre-Release System	50.5	52.7	55.5	5.3%
Eastern Shore Region	62.0	69.9	72.1	3.2%
Western Maryland Region	34.8	40.9	44.4	8.6%
State Use Industries	37.1	39.6	38.9	-1.8%
Maryland Parole Commission	3.5	3.7	4.1	10.8%
Division of Parole and Probation	71.4	82.2	87.2	6.1%
Patuxent Institution	31.9	34.5	37.1	7.5%
Inmate Grievance Office	.4	.5	.7	40%
Police and Correctional Training Commissions	5.1	6.4	6.5	1.6%
Criminal Injuries Compensation Board	5.2	5.7	5.7	0%
Maryland Commission on Correctional Standards	.5	.5	.5	0%
Division of Pretrial and Detention Services	95.8	99.4	106.7	7.3%
Total	850.1	903.0	942.9	4.4%
POSITIONS:				
Authorized	11,227.7	11,662.5	11,924.5	262.0
Contractual	330.2	577.2	540.5	-36.7
Total	11,557.9	12,239.7	12,465.0	225.3

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Average Daily Population:			
Correctional Institutions	26,664	27,677	28,005
Parole and Probation	51,593	52,670	52,540
Correctional Options:			
Intensive Parole/Probation	2,928	3,105	3,114
Boot Camp	312	400	400
Home Detention	359	402	402
Arrestees Processed through Central Booking	81,416	91,000	91,000

Department of State Police

Maryland Budget Priorities FY 2003

Mission: To fulfill its role as the state's lead coordinating law enforcement organization with the commitment to pride, respect and integrity. DSP will effectively direct personnel and multi-dimensional resources in partnership with private entities to achieve public safety so as to improve the quality of life for the citizens of Maryland.

THE DEPARTMENT OF STATE POLICE (DSP) PROVIDES TRAFFIC AND CRIMINAL ENFORCEMENT SERVICES FROM 26 BARRACKS AND DETACHMENTS; CONDUCTS SPECIALIZED DRUG AND CRIMINAL INVESTIGATIONS; PROVIDES STATEWIDE CRIME LABORATORY, FORENSIC AND EMERGENCY HELICOPTER MEDICAL EVACUATION SERVICES; AND ADMINISTERS THE STATE AID FOR POLICE PROTECTION PROGRAM AND OTHER LOCAL LAW ENFORCEMENT GRANT PROGRAMS. DSP ALSO INCLUDES THE FIRE PREVENTION COMMISSION AND THE STATE FIRE MARSHAL, WHICH WORK TO PREVENT AND INVESTIGATE FIRES AND EXPLOSIONS.

BUDGET HIGHLIGHTS:

The fiscal year budget allowance of the Department of State Police totals \$296.7 million, an increase of 5.7% over the fiscal year 2002 appropriation. Maryland's crime rate continued its downward trend, once again posting the lowest rate on record (4,839 Part I crimes - Murder, Rape, Robbery, Aggravated Assault, Burglary, Larceny/Theft and Vehicle Theft - per 100,000 population) since uniform reporting began in 1975. Leading the drop in crime is the lowest incidence of gun violence since 1976; "Aggravated Assaults with a Firearm" decreased 27% in 2000 and "Homicide with a firearm" dropped 19.8%.

Since 1998 the rate of traffic-related fatalities has declined by 2%. Strict speed limit, seat belt and Driving While Intoxicated enforcement and an internationally acclaimed helicopter Med-Evac system have contributed to the reduction in fatalities.

The budget contains a number of initiatives to continue progress in reducing crime as itemized below:

- ❑ Deficiency funding to fill 35 vacancies for the January 2002 State Police recruit class.
- ❑ Additional funding of \$1.8 million in grants to subdivisions and qualifying municipalities for police protection from the State Aid for Police Protection program.
- ❑ \$448,000 for five new positions in the Cease Fire unit to increase the monitoring of secondary gun sales.
- ❑ \$239,000 to complete the Intoximeter program, \$375,000 for the 800MHz program, and \$176,000 for surveillance equipment.
- ❑ \$813,000 to fund seven positions in the Computer Crimes Unit, the first half of a two-year phase-in to handle the

increased number of computer examinations and investigations.

- ❑ \$124,000 for three positions in the crime lab to assist with the increased workload in both film development and drug testing.
- ❑ \$98,000 for two positions and renovation of space for DNA analysis of evidence as required by Senate Bill 694, which authorized a person convicted of specified crimes to file a petition for postconviction DNA testing.
- ❑ \$134,000 in special funds from the Department of Transportation will fund four positions and software to enhance the capabilities of the Automotive Safety Enforcement Division. An additional \$200,000 will maintain and replace aging scales for the Commercial Vehicle Enforcement Division.
- ❑ The Fire Marshal received \$78,000 for replacement bomb squad suits and \$147,000 for five new fire code inspectors that completes a two-year enhancement plan.

Additional funds budgeted to improve preparedness to ensure Homeland Security include:

- ❑ A \$600,000 deficiency appropriation for overtime for increased security as a result of the September 11th terrorist response.
- ❑ An additional \$387,000 for 6 new bomb technician positions and one robot to meet the increasing need of security preparedness in the Fire Marshall's Office.

The Department of State Police comprises 1.3% of the overall state budget.

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
General Funds	218.0	224.8	239.2	6.4%
Special Funds	54.4	54.1	55.7	2.9%
Federal Funds	1.3	1.0	1.1	15.6%
Reimbursable Funds	.9	0.7	0.7	3.2%
Total	274.6	280.6	296.7	5.7%
EXPENDITURES: (in millions of dollars)				
State Police	260.3	265.5	280.6	5.7%
Fire Prevention Commission and Fire Marshal	14.3	15.1	16.1	7.1%
Total	274.6	280.6	296.7	5.7%
POSITIONS:				
Authorized	2,555.5	2,589.5	2,621.5	32.0
Contractual	35.3	37.1	37.4	0.3
Total	2,590.8	2,626.6	2,658.9	32.3

PERFORMANCE MEASURES

	2001 Actual	2002 Estimated	2003 Projected
Traffic Safety:			
Traffic Fatality Rate	1.22664	1.21157	1.19649
Traffic Accident Rate	197.12	191.49	186.02
Alcohol-Related Fatality Rate	0.35586	0.34643	0.33699
Fatal Rate for Non-Restrained Occupants	0.38569	0.38183	0.37801
Motor Vehicle Citations	329,171	300,000	300,000
Commercial Vehicle Inspections	66,499	66,000	66,500
Crime Reduction:			
Part 1 Crime Rate	4,840	4,770	4,703
Domestic Violence Crime Rate	394	388	383
Firearm Homicide Rate	5.72	5.64	5.56
Firearm Related Assault Rate	70.1	69.1	68.2
Vehicle Theft Rate	684.7	674.9	665.3
Aviation Flights:			
Medical Transport	6,058	5,925	5,925
Search & Rescue	336	380	380
Law Enforcement	692	922	922
Total Ops. Helicopter Flights	7,086	7,399	7,399

* Performance Measures are expressed in calendar years.

Department of Transportation

Maryland Budget Priorities FY 2003

Mission: *The Department of Transportation will meet the state's transportation service and mobility needs through a seamless, integrated system that allows people and goods to move safely and efficiently. This will enhance the quality of life of our citizens, help direct population growth to existing communities and support the State's business climate.*

THE MARYLAND DEPARTMENT OF TRANSPORTATION (MDOT) MANAGES AN INTERCONNECTED TRANSPORTATION SYSTEM THAT INCLUDES OVER 5,000 MILES OF ROADWAYS, BALTIMORE-WASHINGTON INTERNATIONAL AIRPORT, THE PORT OF BALTIMORE, THE BALTIMORE AREA TRANSIT SYSTEM AND MARC COMMUTER RAIL. MDOT ADMINISTERS DRIVER LICENSING AND VEHICLE REGISTRATIONS AS WELL AS VARIOUS HIGHWAY SAFETY AND CONSUMER PROTECTION PROGRAMS. IN ADDITION, THE DEPARTMENT PROVIDES FINANCIAL SUPPORT TO LOCAL TRANSPORTATION AGENCIES AND THE WASHINGTON AREA TRANSIT SYSTEMS.

BUDGET HIGHLIGHTS:

The fiscal year allowance (operating and capital) for the Department of Transportation totals \$3,295.7 million, an increase of 8.1% last year's appropriation. Significant budget initiatives are highlighted below.

- ❑ The budget includes \$71 million in funding for the second year of the Governor's six-year transit initiative. This includes \$31 million in the operating budget for the Baltimore, Washington and statewide areas and \$40 million for capital programs. In addition, Baltimore Region operating budget increases total approximately \$2.9 million and includes annualized expenses for Metro Sunday service and the Mondawmin Metro Shuttle, expanded bus service for congestion relief and implementation of the Digital Harbor Shuttle.
- ❑ The Washington Region operating increases total approximately \$4.2 million and include annualized costs for the Washington Metropolitan Area Transit Authority (WMATA) service (e.g., Greenbelt to BWI, Branch Avenue to Waldorf and Laurel to Silver Spring), local bus service improvements and commuter bus expansion. The statewide operating budget provides an increase of approximately \$2.7 million for access to jobs grants, rural community-based services, senior and disabled transit. Additionally, \$2 million is included to meet increased federal safety requirements.
- ❑ Baltimore Washington International Airport (BWI) continues to play a major role in Maryland's economic development as it strives to meet the challenges of additional security requirements. The fiscal year 2002 deficiency of approximately \$6 million addresses the known costs of additional security requirements. The department is still analyzing federal requirements, consultant estimates and potential funding sources.
- ❑ Excluding the 2002 deficiency and unknown fiscal 2003 costs, the Aviation Administration operating budget increases approximately 11.8 percent. The allowance provides for 20 additional operating positions and funding to improve customer service, enhance basic security anticipated prior to September 11th, expands maintenance efforts to address facility preservation and expansion at BWI and to respond to Federal Aviation Administration and airline demands for improved winter maintenance activities.
- ❑ The request also includes \$2 million in reimbursable general funds for the new regional air service between Western Maryland and BWI.

In FY 2003, the Department of Transportation continues its focus on customer service improvements at the Motor Vehicle Administration. Over the past several years, DOT has expanded existing facilities, opened new facilities, and hired additional customer service staff in order to reduce customer wait times and increase customer convenience. Continuing with Governor Glendening's program, the 2003 budget includes funding for opening a new branch MVA office in Loveville.

The Port of Maryland has experienced significant growth over the past several years, including signing the largest shipping agreement in the Port's history in 2001. The 2003 budget helps to ensure this continued growth by providing the necessary operating revenues that solidify the Port as a commercial center on the East Coast. This includes the provision of additional funding for maintenance of the Port's capital intensive operations.

The Department of Transportation comprises 14.9% of the overall state budget.

BUDGET: \$3.3 BILLION
POSITIONS: 9,825.4

THREE YEAR SUMMARY

	FY 01 Actual	FY 02 Appropriation	FY 03 Allowance	Change FY02-FY03
APPROPRIATIONS: (in millions of dollars)				
Special Funds	2151.9	2,213.6	2,418.3	9.2%
Federal Funds	621.7	826.0	875.1	5.9%
Reimbursable Funds	1.2	1.5	2.3	50.7%
Total	2,744.8	3,041.1	3,295.7	8.4%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	281.1	389.3	438.8	12.7%
Debt Service Requirements	110.0	117.2	138.6	18.2%
State Highway Administration	1,404.3	1,509.7	1,577.6	4.5%
Maryland Port Administration	143.6	170.9	183.5	7.6%
Motor Vehicle Administration	152.9	147.2	150.8	2.3%
Mass Transit Administration	500.9	524.8	578.8	10.3%
State Aviation Administration	182.0	182.0	227.6	25.1%
Total	2,744.8	3,041.1	3,295.7	8.4%
POSITIONS:				
Authorized	9,256.0	9,538.0	9,653.0	115.0
Contractual	154.6	175.4	172.4	-3.0
Total	9,410.6	9,713.4	9,825.4	112.0

PERFORMANCE MEASURES

	FY 2001 Actual	FY 2002 Estimated	FY 2003 Projected
Vehicle Titles/Registrations (millions)	4.4	4.4	4.5
MVA Walk-in Transactions (millions)	7.2	7.1	7.1
MVA Alternative Service Delivery Transactions (millions)	5.3	5.5	5.6
Bus Passenger Trips (millions)	70.1	72.8	72.5
Heavy Rail Passenger Trips (millions)	13.6	14.2	14.9
Light Rail Passenger Trips (millions)	8.5	8.7	8.5
Commuter Rail Passenger Trips (millions)	5.7	5.7	6.0
BWI Airport Passengers Per Calendar Year (millions)	19.6	18.2	19.9
Port Tonnage (millions)	7.4	7.5	7.6
% of pavements rated fair to very good in ride quality	84%	85%	85%

Independent Agencies

Maryland Budget Priorities FY 2003

OFFICE OF ADMINISTRATIVE HEARINGS (OAH)

OAH conducts independent and impartial hearings in contested cases involving the administrative actions of State agencies. The Office's expenses are reimbursed by the state agencies for which the hearings are conducted. OAH received additional funding to improve security at its facility.

	<u>\$ thousands</u>
General Funds	-0-
Special Funds	6
Reimbursable	<u>10,924</u>
	10,930
Change from '02	101
	0.9%
	<u>Positions</u>
Authorized	141.0
Change From '02	-0-

DEPARTMENT OF AGING

The Department of Aging is responsible for the planning, coordination, administration and assessment of public programs for the elderly. The budget provides a \$1 million enhancement for the Home and Community Care Waiver. This program provides coordinated, community-based, in-home services to frail seniors with disabilities who are at risk of nursing home placement. The budget also contains \$410,000 to expand the Ombudsmen Program. This program provides advocates for seniors living in residential settings. \$178,000 is also included for grants to the statewide network of 19 local Area Agencies on Aging to foster the development of innovative services to seniors.

	<u>\$ thousands</u>
General Funds	23,776
Special Funds	253
Federal Funds	<u>21,387</u>
	45,416
Change from '02	3,142
	7.4%
	<u>Positions</u>
Authorized	53.5
Contractual	<u>7.0</u>
	60.5
Change From '02	-4.5

STATE ARCHIVES

The Archives collects and maintains state records of permanent value. The Archives also publishes the *Maryland Manual*, a reference book about the state and its government. To accommodate the growth in Internet traffic and in digital collections, the budget provides \$62,184 for a Wide Area Communications Network and \$43,729 for additional drives and replacement disk space devices.

	<u>\$ thousands</u>
General Funds	2,969
Special Funds	<u>2,487</u>
	5,457
Change from '02	1,193
	28.0%
	<u>Positions</u>
Authorized	47.0
Contractual	<u>47.5</u>
	94.5
Change From '02	20.6

DEPARTMENT OF ASSESSMENTS AND TAXATION

Maryland is unique among the states with a centralized statewide property assessment process. The Department of Assessments and Taxation performs the property assessments which form the basis of local and state property tax levies. The department also collects corporate filing fees and other revenues and administers the homeowners' and renters' tax credit programs.

	<u>\$ thousands</u>
General Funds	98,425
Special Funds	<u>2,418</u>
	100,843
Change from '02	1,754
	1.8%
	<u>Positions</u>
Authorized	763.0
Contractual	<u>2.5</u>
	765.5
Change From '02	-0-

MARYLAND AUTOMOBILE INSURANCE FUND (MAIF)

MAIF provides automobile insurance for Maryland residents who are unable to obtain it in the private market. It also administers and pays claims when other insurance recovery is unavailable. MAIF is an off-budget agency. Its costs are funded from premiums, other enterprise revenue and an assessment on all auto insurance for uninsured motorists. Figures are for calendar year 2002.

	<u>\$ thousands</u>
Non-budgeted	39,309
Change From '01	3,786
	10.7%

CANAL PLACE PRESERVATION AND DEVELOPMENT AUTHORITY

The authority manages a federal-state-local-private partnership that is developing the area surrounding the C&O Canal in Cumberland to promote community revitalization and economic development.

	<u>\$ thousands</u>
General Funds	1,407
Special Funds	79
	1,486
Change from '02	-1,353
	-47.7%
	<u>Positions</u>
Authorized	4.0
Change From '02	-0-

OFFICE FOR CHILDREN, YOUTH & FAMILIES

The Office for Children, Youth and Families works with state and local government agencies to coordinate prevention, early intervention and community services for at risk children and their families. Local Management Boards use grants issued through the Subcabinet Fund to coordinate services between education, social services, juvenile services and health and mental hygiene service agencies. The program also includes the Governor's Council on Adolescent Pregnancy, the State Coordinating Council for the Residential Placement of Handicapped Children and the State Commission on Infant Mortality. The allowance provides for a total fund increase of 14.3% over the fiscal year 2002 appropriation. Included in this increase is \$343,000 to accommodate the Department of Juvenile Justice Independent Monitor, making this program an autonomous, independent entity.

	<u>\$ thousands</u>
General Funds	5,411
Special Funds	429
Federal Funds	175
Reimbursable Funds	946
	6,961
Change from '02	869
	14.3%
	<u>Positions</u>
Authorized	50.0
Contractual	16.5
	66.5
Change From '02	7.5

STATE BOARD OF CONTRACT APPEALS

The board hears and resolves disputes involving the award and execution of state contracts.

	<u>\$ thousands</u>
General Funds	532
Change from '02	23
	4.8%
	<u>Positions</u>
Authorized	5.0
Change From '02	-0-

OFFICE OF THE DEAF AND HARD OF HEARING

This new agency will develop policies and programs for the Deaf and Hard of Hearing. Legislation created an advisory council for the Office of the Deaf and Hard of Hearing (ODHH) comprised of sixteen individuals selected from state agencies and the general public. Five of the individuals are deaf or hard of hearing, and one has special expertise relating to services to the deaf and hard of hearing. Three staff positions are funded to develop the office and oversee its programs.

	<u>\$ thousands</u>
General Funds	211
Change from '02	211
	<u>Positions</u>
Authorized	3.0
Change From '02	3.0

Independent Agencies

Maryland Budget Priorities FY 2003

MARYLAND SCHOOL FOR THE DEAF

The school operates campuses in Frederick and Columbia, enrolling over 450 students. The allowance provides for a total fund increase of 6.8 % over the fiscal year 2002 appropriation, representing continued commitment for education programs statewide. Included in the increase is \$57,000 provided for the second year of a three-year faculty salary adjustment designed to enhance recruitment and retention of qualified and experienced teachers.

	<u>\$ thousands</u>
General Funds	19,490
Special Funds	151
Federal Funds	855
Reimbursable	<u>889</u>
	21,385
Change from '02	1,368
	6.8%
	<u>Positions</u>
Authorized	317.5
Contractual	<u>53.0</u>
	370.5
Change From '02	1.0

STATE BOARD OF ELECTIONS (SBE)

SBE exercises supervision over the conduct of elections by local Boards of Supervisors of Elections. The budget provides \$3 million for further implementation of the Direct Recording Electronic Voting System, bringing total support for the project to \$5.1 million for fiscal years 2002 and 2003.

	<u>\$ thousands</u>
General Funds	8,128
Change from '02	1,579
	24.1%
	<u>Positions</u>
Authorized	28.5
Contractual	<u>3.0</u>
	31.5
Change From '02	2.0

MARYLAND INSTITUTE FOR EMERGENCY MEDICAL SERVICES SYSTEMS (MIEMSS)

MIEMSS coordinates all emergency medical services in the state. It recommends funding for the Shock-Trauma Center, Maryland Fire and Rescue Institute and the Aviation Division of the State Police from the Emergency Medical Services Operations Fund. These funds are derived from a specified share of each motor vehicle registration fee which also supports grants for local fire, rescue and ambulance equipment. The budget contains a \$200,000 enhancement to expand centralized, dedicated Emergency Medical Response Centers in Western Maryland and the Lower Eastern Shore over a four-year period. \$258,500 is also included for terrorism funding.

	<u>\$ thousands</u>
Special Funds	10,494
Federal Funds	<u>100</u>
	10,594
Change from '02	486
	4.8%
	<u>Positions</u>
Authorized	95.1
Contractual	<u>10.7</u>
	105.8
Change From '02	-0.2

MARYLAND ENERGY ADMINISTRATION

The Energy Administration coordinates the state's energy conservation and management efforts.

	<u>\$ thousands</u>
General Funds	576
Special Funds	2,059
Federal Funds	715
Reimbursable	<u>87</u>
	3,437
Change from '02	-889
	-20.6%
	<u>Positions</u>
Authorized	22.0
Contractual	<u>2.0</u>
	24.0
Change From '02	3.0

MARYLAND ENVIRONMENTAL SERVICE

The Maryland Environmental Service provides water supply, wastewater treatment and waste management services to state agencies, counties, municipalities and private customers. It is an off-budget agency with revenue derived from user fees.

	<u>\$ thousands</u>
Non-budgeted	74,062
Change from '02	-9,056
	-10.9%

BOARDS, COMMISSIONS AND OFFICES

This program contains coordinating and advisory units created by legislation or executive order. The Office of Minority Affairs, Office of Service and Volunteerism, State Ethics Commission, State Commission on Criminal Sentencing, Criminal Justice Coordinating Council, and the Office of Crime Control and Prevention are among the budgeted units.

	<u>\$ thousands</u>
General Funds	11,223
Special Funds	1,793
Federal Funds	43,862
Reimbursable	<u>735</u>
	57,613
Change from '02	205
	0.4%
	<u>Positions</u>
Authorized	81.0
Contractual	<u>20.9</u>
	101.9
Change From '02	-2.6

MARYLAND FOOD CENTER AUTHORITY

The authority operates the Maryland Wholesale Produce Market and Maryland Wholesale Seafood Market in Howard County and the Rock Hall Seafood Processing Plant in Kent County. The authority is an off-budget agency with its revenue derived from rents, fees and other enterprise revenues.

	<u>\$ thousands</u>
Non-budgeted	2,983
Change from '02	80
	2.7%
	<u>Positions</u>
Authorized	29.0
Contractual	<u>1.6</u>
	30.6
Change From '02	-0-

FORVM FOR RURAL MARYLAND

The "FORVM" is Maryland's rural development council. It seeks to promote solutions to the economic and development problems unique to rural areas.

	<u>\$ thousands</u>
General Funds	114
Federal Funds	<u>117</u>
	231
Change from '02	-2
	-0.8%
	<u>Positions</u>
Authorized	2.0
Contractual	<u>1.0</u>
	3.0
Change From '02	-0-

HIGHER EDUCATION LABOR RELATIONS BOARD

This agency was initiated in FY 2002 with funding from the higher education education institutions. It's role is to oversee collective bargaining for State institutions of higher education. The Board will investigate and take appropriate action in response to complaints of unfair labor practices and lockouts; investigate possible violations of collective bargaining and any other relevant matters; and hold hearings to resolve any issues or complaints arising under collective bargaining activities.

	<u>\$ thousands</u>
Reimbursable Funds	<u>431</u>
	431
Change from '02	-19
	-4.1%
	<u>Positions</u>
Authorized	3.0
Contractual	<u>-0-</u>
	3.0
Change From '02	-0-

Independent Agencies

Maryland Budget Priorities FY 2003

COMMISSION ON HUMAN RELATIONS

The commission investigates and resolves cases of discrimination related to employment, housing and public accommodations. Efforts in fair employment practices and fair housing are supplemented by worksharing arrangements and contracts with the U.S. Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development.

	<u>\$ thousands</u>
General Funds	2,745
Federal Funds	<u>567</u>
	3,312
Change from '02	-40
	-1.2%
	<u>Positions</u>
Authorized	53.5
Contractual	<u>3.0</u>
	56.5
Change From '02	2.0

OFFICE FOR INDIVIDUALS WITH DISABILITIES

The Office for Individuals with Disabilities coordinates policies related to citizens with disabilities, and monitors and assists the state's compliance with the federal Americans with Disabilities Act. It recommends capital projects to improve access for individuals with disabilities and administers the new Assistive Technology Loan Fund, which provides technical devices to assist those with disabilities.

	<u>\$ thousands</u>
General Funds	719
Special Funds	109
Federal Funds	1,414
Reimbursable	<u>-0-</u>
	2,242
Change from '02	-78
	-3.4%
	<u>Positions</u>
Authorized	16.0
Contractual	<u>3.5</u>
	19.5
Change From '02	3.0

INJURED WORKERS' INSURANCE FUND (IWIF)

IWIF provides workers' compensation insurance to state agencies and to private employers. IWIF is an off-budget agency. IWIF costs are funded from its premiums and other enterprise revenue. Figures are for calendar year 2002.

	<u>\$ thousands</u>
Non-budgeted	36,546
Change From '01	-1,725
	-1.4%

MARYLAND INSURANCE ADMINISTRATION

The administration licenses, examines and audits insurance companies operating in the state. It reviews rates and policies and collects the state insurance premiums tax. \$2 million in new funding is allocated for software development to license and track insurance agents.

	<u>\$ thousands</u>
General Funds	-0-
Special Funds	21,672
Change from '02	-1,447
	-6.3%
	<u>Positions</u>
Authorized	279.0
Contractual	<u>9.1</u>
	288.1
Change From '02	6.0

STATE LOTTERY AGENCY

The State Lottery Agency manages the Maryland Lottery, which is the third largest source of state general fund revenue. The agency will introduce new player-activated terminals during the fiscal year.

	<u>\$ thousands</u>
Special Funds	52,626
Change from '02	2,061
	4.1%
	<u>Positions</u>
Authorized	179.0
Contractual	5.5
	184.5
Change From '02	-1.5

MILITARY DEPARTMENT

The Military Department includes the Army National Guard and Air National Guard and Maryland Emergency Management Agency. The budget provides \$530,000 and an additional \$260,000 in deficiency funding for the newly established 24-hour, 7-day a week State Emergency Operations Watch Center. \$920,000 and an additional \$430,000 in deficiency funding is also included in the budget for increased security at Camp Fretterd Military Reservation. An additional \$500,000 is included for veterans' burial honor details.

	<u>\$ thousands</u>
General Funds	15,099
Special Funds	392
Federal Funds	17,026
Reimbursable	0
	32,517
Change from '02	8,265
	34.1%
	<u>Positions</u>
Authorized	352.0
Contractual	38.5
	390.5
Change From '02	14.0

HISTORIC ST. MARY'S CITY COMMISSION

The commission administers Historic St. Mary's City, an outdoor history and archaeology museum that preserves, develops, researches and interprets the site of Maryland's first capital.

	<u>\$ thousands</u>
General Funds	2,234
Special Funds	595
	2,829
Change from '02	-697
	-19.8%
	<u>Positions</u>
Authorized	41.0
Contractual	13.0
	54.0
Change From '02	0.0

AFRICAN AMERICAN MUSEUM

The Maryland African American Museum Corporation oversees the development and future programs of the Maryland Museum of African American History and Culture. The new museum facility is scheduled to open in the winter of 2004. The fiscal 2003 allowance is reflected as a grant to the Maryland African American Museum Corp.

	<u>\$ thousands</u>
General Funds	957
Change from '02	218
	22.8%

Independent Agencies

Maryland Budget Priorities FY 2003

OFFICE OF PEOPLE'S COUNSEL

The People's Counsel represents consumers in proceedings before the Public Service Commission, federal agencies and the courts.

	<u>\$ thousands</u>
General Funds	2,561
Change from '02	65
	2.6%
	<u>Positions</u>
Authorized	18.0
Contractual	1.0
	19.0
Change From '02	-0-

MARYLAND PREPAID COLLEGE TRUST

The program provides a means for payment of the cost of tuition in advance of enrollment at any institution of higher education based on tuition rates at Maryland public institutions. Prepaid College Trust is an off-budget agency with its revenue derived from payments received from higher education investment contracts and interest income earned from the investments of the program. Significant state tax benefits are provided to those who purchase contracts.

	<u>\$ thousand</u>
Non-budgeted	1,518
Change From '02	-268
	-15.0%
	<u>Positions</u>
Authorized	9.5
Contractual	0.3
	9.8
Change From '02	1.3

PROPERTY TAX ASSESSMENT APPEALS BOARDS

Appeal boards in each county and Baltimore City hear appeals in matters related to the assessment of property. A fiscal year 2002 deficiency appropriation of \$85,000 is needed to fund staff salaries and operating costs.

	<u>\$ thousands</u>
General Funds	959
Change from '02	53
	5.9%
	<u>Positions</u>
Authorized	9.0
Change From '02	-0-

STATE PROSECUTOR

The Office of the State Prosecutor is an independent agency that investigates and, where warranted, prosecutes, criminal offenses affecting the honesty and integrity of our governmental officials and institutions and the electoral process. A major component of the budget is a new case management and fine tracking system that will be rolled-out in conjunction with the State Board of Elections.

	<u>\$ thousands</u>
General Funds	948
Change from '02	34
	3.8%
	<u>Positions</u>
Authorized	9.0
Contractual	2.0
	11.0
Change From '02	-0-

PUBLIC SERVICE COMMISSION

The Public Service Commission regulates utility rates and performs other public regulatory functions. Its budget is fully offset by assessments paid by regulated utilities.

	<u>\$ thousands</u>
General Funds	10,297
Special Funds	197
	10,494
Change from '02	458
	4.6%
	<u>Positions</u>
Authorized	142.0
Contractual	1.5
	143.5
Change From '02	2.0

MARYLAND PUBLIC BROADCASTING COMMISSION (MPBC)

Maryland Public Broadcasting operates a network of public television stations across the state. MPBC is also a partner in implementing distance learning and other applications of technology to promote education and citizen access. The budget includes \$400,000 for digital conversion transmission equipment, and \$250,000 for the costs of transmitting both analog and digital programs, as required by federal regulations.

	<u>\$ thousands</u>
General Funds	11,427
Special Funds	22,936
Federal Funds	<u>4,402</u>
	38,765
Change from '02	-6,741
	-14.8%
	<u>Positions</u>
Authorized	188
Contractual	<u>12.7</u>
	200.7
Change From '02	-0.7

PUBLIC DEFENDER

The Office of the Public Defender operates in all 23 counties and Baltimore City. \$2.1 million is provided for turnover relief and increased financial support for panel attorneys, expert witnesses, operating budget expenses and replacement technology. A fiscal year 2002 deficiency appropriation of \$3.5 million is needed to fund staff salaries, panel attorneys, and other operating expenses.

	<u>\$ thousands</u>
General Funds	58,125
Special Funds	202
Federal Funds	27
Reimbursable	<u>1,168</u>
	59,522
Change from '02	4,594
	8.4%
	<u>Positions</u>
Authorized	763.3
Contractual	<u>107.1</u>
	870.4
Change From '02	-0-

BOARD OF PUBLIC WORKS

The Board of Public Works, comprised of the Governor, Comptroller and Treasurer, reviews and approves major state contracts, state bond issuances and various other government actions. The budget includes \$525,000 for the Historic Annapolis Foundation which manages historic properties for the state. Also included is \$2 million for the Regional Air Service Development program that provides air service from Cumberland/Hagerstown to BWI Airport.

	<u>\$ thousands</u>
General Funds	5,766
Special Funds	<u>1,125</u>
	6,891
Change from '02	-3,510
	-33.7%
	<u>Positions</u>
Authorized	9.0
Change From '02	-0-

STATE RETIREMENT AGENCY

The State Retirement Agency manages retirement and pension programs for state employees, teachers, and other eligible government employees. The focus is on administering survivor, disability and retirement benefits of the system's participants. The agency is responsible for ensuring that sufficient assets are available to fund the benefits when due.

	<u>\$ thousands</u>
Special Funds	20,378
Change from '02	944
	4.9%
	<u>Positions</u>
Authorized	177.0
Contractual	<u>31.5</u>
	208.5
Change From '02	-3.0

Independent Agencies

Maryland Budget Priorities FY 2003

INTER-AGENCY COMMITTEE FOR PUBLIC SCHOOL CONSTRUCTION

The Inter-Agency Committee for Public School Construction (IAC) includes the State Superintendent of Schools, Secretary of General Services and Director of the Office of Planning. The IAC reviews proposed school construction and renovation projects and makes recommendations to the Board of Public Works for allocating state funding. \$10.37 million is provided for the Aging Schools Program and \$1.8 million for repayments to the Maryland School Technology Program.

	<u>\$ thousands</u>
General Funds	11,468
Special Funds	<u>1,893</u>
	13,361
Change from '02	-1,707
	-11.33%
	<u>Positions</u>
Authorized	17.0
Change From '02	-0-

OFFICE FOR SMART GROWTH

The Office for Smart Growth coordinates the implementation of Maryland's Smart Growth efforts by serving as a one-stop shop for community groups, local and state officials, developers, and the general public. The Office helps coordinate the activities of other agencies, provides education and information on Smart Growth to the public, and facilitates the development of both redevelopment projects in existing communities and smart neighborhoods in growing communities. The allowance provides additional funding of \$349,551 to continue the Governor's Smart Growth activities.

	<u>\$ thousands</u>
General Funds	<u>753</u>
	753
Change from '02	350
	86.7%
	<u>Positions</u>
Authorized	8.0
Change From '02	5.0

MARYLAND STADIUM AUTHORITY

The Stadium Authority manages the operation of Oriole Park at Camden Yards and the PSI Net football stadium in the Camden Yards complex. Non-budgeted funds reflect rents, fees and other enterprise revenues. General funds include the state's share of debt service and operating costs for convention and conference centers in Baltimore City, Montgomery County and Ocean City. Special funds reflect lottery revenues used for debt service and construction costs on stadium projects.

	<u>\$ thousands</u>
General Funds	11,408
Special Funds	23,330
Non-budgeted	<u>113,867</u>
	148,605
Change from '02	26,787
	22.0%
	<u>Positions</u>
Authorized	78.8
Contractual	<u>-0-</u>
	78.8
Change from '02	-0-

SUBSEQUENT INJURY FUND

The Subsequent Injury Fund provides compensation to injured workers whose disability is increased by a further injury. Without such a fund, employers might not take on the risk of hiring disabled workers. The fund's budget is fully offset by assessments collected from insurance carriers and disability awards.

	<u>\$ thousands</u>
Special Funds	1,746
Reimbursable Funds	<u>8</u>
	1,754
Change from '02	38
	2.2%
	<u>Positions</u>
Authorized	18.6
Change From '02	-0-

SUPPLEMENTAL RETIREMENT AGENCY

The Supplemental Retirement Agency administers tax-sheltered, deferred compensation and related programs for state employees and teachers. Funds for the agency come from management fees paid by plan participants. In 1999 an optional contribution system was established which matches dollar for dollar, up to \$600 per participant, contributions from those in the supplemental retirement plan. Since the inception of this match, participation has increased from 42% to 58% of eligible employees.

	<u>\$ thousands</u>
Special Funds	1,464
Change from '02	-4
	-0.3%
	<u>Positions</u>
Authorized	16.5
Change From '02	-0-

MARYLAND TAX COURT

The Tax Court considers appeals of decisions of taxing authorities of the state or local governments.

	<u>\$ thousands</u>
General Funds	568
Change from '02	-22
	-4.0%
	<u>Positions</u>
Authorized	9.0
Contractual	0.6
	9.6
Change From '02	-0.3

MARYLAND TRANSPORTATION AUTHORITY

The Maryland Transportation Authority oversees Maryland's toll facilities and other authorized revenue projects. The authority operates the Susquehanna River Bridge, Potomac River Bridge, Chesapeake Bay Bridge, Baltimore Harbor Tunnel, John F. Kennedy Memorial Highway, Fort McHenry Tunnel, Francis Scott Key Bridge and Seagirt Marine Terminals.

	<u>\$ thousands</u>
Non-budgeted	349,084
Change from '02	52,803
	17.8%
	<u>Positions</u>
Authorized	1,499.5
Change from '02	47.5

UNINSURED EMPLOYER FUND

The fund provides compensation to injured workers whose employers are not covered by appropriate insurance, as required by law. The fund seeks to recover the benefits and penalties from the negligent employers. The fund's budget is fully offset by assessments imposed by the Workers' Compensation Commission.

	<u>\$ thousands</u>
Special Funds	934
Change from '02	53
	6.0%
	<u>Positions</u>
Authorized	13.0
Change From '02	-0-

UNIVERSITY OF MARYLAND MEDICAL SYSTEM

UMMS is a private, non-profit hospital corporation affiliated with the University of Maryland School of Medicine. The special fund support is a payment from the Emergency Medical Services Operations Fund to aid Shock-Trauma Unit operations, and \$3.5 million for the annual replacement of Shock Trauma Center equipment. General Funds support the excess uncompensated care and debt service for Montebello at Kernan Hospital.

	<u>\$ thousands</u>
General Funds	2,593
Special Funds	6,863
	9,456
Change from '02	-57
	-0.6%

Independent Agencies

Maryland Budget Priorities FY 2003

DEPARTMENT OF VETERANS AFFAIRS

To provide enhanced services to Maryland's half-million veterans, their families and their survivors, Governor Glendening established the Maryland Department of Veterans Affairs. Effective October 1, 1999, the missions of the Maryland Veterans Commission, the Maryland Veterans Home Commission, and the State's interest in the War Memorial Commission were consolidated to provide a single point-of-contact for veterans services and information. On July 1, 2001, financial administration of the Maryland Military Monuments Commission became the Department's responsibility. Governor Glendening provided additional funding for veterans cemetery maintenance and perpetual care. The funding makes it possible to outsource additional groundskeeping requirements made necessary by the increasing rate of veteran deaths. The Governor also ensured funding for the ongoing completion of an addition to Charlotte Hall Veterans Home, St. Mary's County.

	<u>\$ thousands</u>
General Funds	6,635
Special Funds	248
Federal Funds	<u>7,127</u>
	14,010
Change from '02	-486 -3.4%
	<u>Positions</u>
Authorized	73.0
Contractual	<u>2.9</u>
	75.9
Change From '02	0.8

WORKERS' COMPENSATION COMMISSION

The commission reviews and adjudicates claims under Maryland's Workers' Compensation laws. The commission's budget is fully recovered by assessments imposed on insurance carriers and self-insured employers. The agency has moved to a new headquarters and will establish regional hearing sites throughout the state in fiscal years 2002 and 2003.

	<u>\$ thousands</u>
General Funds	11,563
Special Funds	231
Reimbursable	<u>60</u>
	11,854
Change from '02	1,094 10.2%
	<u>Positions</u>
Authorized	136.5
Contractual	<u>12.7</u>
	149.2
Change From '02	5.0

GOVERNOR'S WORKFORCE INVESTMENT BOARD

The board helps plan, monitor and evaluate Maryland's workforce investment efforts. A priority of the board is ensuring that the state's training and education programs meet the needs of today's employers.

	<u>\$ thousands</u>
General Funds	355
Reimbursable Funds	533
Federal	<u>40</u>
	928
Change from '02	-69 -6.9%
	<u>Positions</u>
Authorized	10.0
Change From '02	-0-

SUPPORTING LOCAL GOVERNMENT

DIRECT STATE AID TO LOCAL GOVERNMENTS INCREASES BY 4.3% IN THE FISCAL YEAR 2003 BUDGET

The fiscal year 2003 allowance provides an additional \$151 million of direct state aid. Substantial increases include \$123.9 million for public schools, nearly \$26 million for disparity grants, and \$15.3 million in transportation revenues.

The increase for public schools reflects \$82.8 million for basic current expense aid, \$24.8 million for compensatory education, and \$8.8 million for reducing class size.

The budget includes \$8.2 million of the funds from the tobacco settlement in aid for public education, and \$33.3 million from reimbursements that otherwise would have gone to the general fund. The tables reflect a \$99.1 million reduction in total aid to local governments contingent on the enactment of legislation.

Summary of Direct Aid by Category (\$ thousands)

	2002 Appropriation	2003 Allowance	\$ Change	% Change
Primary & Secondary Education	2,553,810	2,677,689	123,879	4.9%
Libraries	37,056	39,620	2,564	6.9%
Community Colleges	165,786	175,232	9,446	5.7%
Transportation	425,238	440,552	15,313	3.6%
Public Safety	88,674	90,716	2,041	2.3%
Disparity Grants	89,290	115,180	25,890	29.0%
Public Health	56,942	62,146	5,204	9.1%
Natural Resources	38,115	36,522	-1,593	-4.2%
Other	41,653	10,091	-31,561	-75.8%
Total Direct State Aid	3,496,564	3,647,748	151,184	4.3%
Retirement Contributions	349,875	349,594	-280	-0.1%
Total State Aid	3,846,438	3,997,342	150,904	3.9%

Note: Detail may not add to totals due to rounding.

DIRECT AID TO LOCAL GOVERNMENT: \$3.6 BILLION

Summary of Direct Aid by Subdivision (\$ thousands)

	2002 Appropriation	2003 Allowance	\$ Change	% Change
Allegany	63,376	66,128	2,752	4.3%
Anne Arundel	246,184	246,738	554	0.2%
Baltimore City	811,942	835,982	24,040	3.0%
Baltimore County	359,368	376,807	17,439	4.9%
Calvert	57,790	56,829	-961	-1.7%
Caroline	31,511	33,179	1,668	5.3%
Carroll	100,989	107,028	6,039	6.0%
Cecil	64,807	68,618	3,811	5.9%
Charles	92,519	95,005	2,486	2.7%
Dorchester	27,227	27,382	155	0.6%
Frederick	127,543	136,707	9,164	7.2%
Garrett	30,502	31,762	1,260	4.1%
Harford	143,368	149,446	6,078	4.2%
Howard	127,557	133,363	5,806	4.6%
Kent	11,876	12,254	378	3.2%
Montgomery	305,376	318,239	12,863	4.2%
Prince George's	566,463	603,274	36,811	6.5%
Queen Anne's	25,875	26,643	768	3.0%
St. Mary's	57,772	60,761	2,989	5.2%
Somerset	21,349	22,756	1,407	6.6%
Talbot	11,640	11,242	-398	-3.4%
Washington	83,223	87,064	3,841	4.6%
Wicomico	63,814	68,867	5,053	7.9%
Worcester	17,066	17,238	172	1.0%
Statewide/Unallocated	47,427	54,436	7,009	14.8%
Total	3,496,564	3,647,748	151,184	4.3%

Note: Detail may not add to totals due to rounding.

TOTAL AID TO LOCAL GOVERNMENT: \$4.0 BILLION

Summary of Total Aid by Subdivision (\$ thousands)

	2002 Appropriation	2003 Allowance	\$ Change	% Change
Allegany	67,493	70,245	2,752	4.1%
Anne Arundel	275,005	275,559	554	0.2%
Baltimore City	851,192	875,232	24,040	2.8%
Baltimore County	404,715	422,154	17,439	4.3%
Calvert	63,767	62,806	-961	-1.5%
Caroline	33,560	35,227	1,668	5.0%
Carroll	110,856	116,895	6,039	5.4%
Cecil	70,688	74,499	3,811	5.4%
Charles	101,309	103,795	2,486	2.5%
Dorchester	29,228	29,383	155	0.5%
Frederick	141,699	150,863	9,164	6.5%
Garrett	32,546	33,806	1,260	3.9%
Harford	157,785	163,863	6,078	3.9%
Howard	147,980	153,786	5,806	3.9%
Kent	13,062	13,441	378	2.9%
Montgomery	375,571	388,154	12,583	3.4%
Prince George's	614,095	650,905	36,811	6.0%
Queen Anne's	28,560	29,328	768	2.7%
St. Mary's	63,255	66,244	2,989	4.7%
Somerset	22,613	24,020	1,407	6.2%
Talbot	13,497	13,100	-398	-2.9%
Washington	90,949	94,790	3,841	4.2%
Wicomico	69,513	74,566	5,053	7.3%
Worcester	20,074	20,246	172	0.9%
Statewide/Unallocated	47,427	54,436	7,009	14.8%
Total	3,846,438	3,997,342	150,904	3.9%

Note: Detail may not add to totals due to rounding.

PRIMARY AND SECONDARY EDUCATION

Basic Current Expense: Basic Current Expense aid is the largest single local aid program. The fiscal year 2003 budget amount is \$1,764.5 million, an increase of \$82.8 million. Aid is distributed according to public school enrollment and equalized for taxable wealth so that jurisdictions with smaller per pupil tax bases receive proportionately more aid.

Compensatory Education: The Compensatory Aid program is directed toward the education of children who are economically and environmentally disadvantaged according to federal definitions. These funds are distributed among jurisdictions according to a wealth-based formula. The fiscal 2003 amount of \$141.9 million is an increase of \$24.8 million over 2002.

Special Education: Aid for special education is provided to school systems to help cover the additional cost of educating handicapped children. These funds are allocated on a formula basis for students in local schools and to support children placed in non-public special education schools; funding for these non-public placements increased \$5.3 million over the estimated fiscal year 2002 amount.

Student Transportation: \$133.2 million is provided for the transportation of students to and from school, an increase of \$5.4 million; \$5.7 million is provided for transportation of special needs students.

Other Education Aid: The fiscal year 2003 budget also includes \$19 million for the Governor's Early Education Initiative started last year, \$72.5 million for the second year of the Governor's Teacher Salary Program, and \$70.5 million for the Baltimore City partnership. The class size reduction program grows to \$26.1 million, a 50% increase. Other programs bring the total of other education aid to \$449.9 million.

Non-general Funds: State aid for public primary and secondary education includes \$8.2 million from the Cigarette Restitution Fund and \$33.3 million from the Transitional Educational Fund, which is funded from retirement contribution reimbursements. These special funds decreased \$37 million compared with fiscal year 2002; the shortfall has been made up with general funds in the fiscal year 2003 budget.

(\$ thousands)

	Basic Current Expense	Compensatory Education	Special Education	Student Trans.	Other	TOTAL	\$ Change from 2002
Allegany	28,405	3,778	1,946	2,940	6,168	43,238	-860
Anne Arundel	126,137	5,306	15,273	12,900	20,332	179,947	6,277
Baltimore City	287,553	62,388	56,318	11,333	135,967	553,560	7,659
Baltimore County	193,260	9,774	17,605	15,811	43,658	280,108	15,929
Calvert	39,167	1,458	1,609	2,533	3,646	48,415	4,790
Caroline	16,119	1,641	548	1,520	3,897	23,725	1,218
Carroll	67,776	1,988	4,356	5,077	6,049	85,247	5,427
Cecil	41,226	2,570	2,132	2,854	6,458	55,241	3,267
Charles	58,066	2,922	3,423	5,455	7,047	76,914	4,319
Dorchester	11,930	1,354	447	1,483	2,864	18,078	134
Frederick	88,185	2,864	2,985	5,384	9,040	108,459	7,930
Garrett	12,156	1,436	566	1,901	2,613	18,671	379
Harford	94,610	3,864	5,277	6,606	9,731	120,088	6,002
Howard	76,524	1,927	5,511	6,946	11,230	102,138	4,737
Kent	4,596	343	351	1,000	1,762	8,052	134
Montgomery	128,980	6,343	16,381	17,472	51,693	220,868	12,565
Prince George's	342,586	19,753	36,301	21,999	77,945	498,585	34,186
Queen Anne's	13,757	656	580	1,763	2,329	19,085	511
St. Mary's	36,821	2,518	2,130	3,483	4,745	49,697	2,708
Somerset	8,547	1,404	363	1,144	1,947	13,405	672
Talbot	1,397	371	262	945	1,741	4,716	-694
Washington	47,488	3,126	3,317	3,798	6,518	64,246	1,961
Wicomico	36,770	3,530	1,083	2,854	6,962	51,200	2,244
Worcester	2,469	630	269	1,707	2,656	7,731	-349
Statewide/Unallocated	0	0	3,343	0	22,933	26,276	2,733
Total	1,764,526	141,946	182,378	138,910	449,930	2,677,689	123,879

LIBRARIES

Library Aid Formula: The state supports the current operating and capital expenses of local library systems. Aid is distributed on the basis of population and is equalized so that jurisdictions with smaller per capita tax bases receive more aid per capita. Fiscal year 2003 aid is \$27.1 million and reflects a program level of \$12.00 per capital.

State Library Network: The library network program provides aid for the State Library Resource Center at the Enoch

Pratt Central Library in Baltimore and the three regional resources centers in non-metropolitan areas. The network is budgeted at \$12.6 million, an increase of \$1.5 million. This increase reflects the effect of legislation mandating funding for the State Library Resource Center at a level of \$1.70 per resident for fiscal year 2003. Legislation doubled funding per resident for the regional resource centers to \$3.50 last year; the fiscal year 2003 allowance reflects the scheduled increase to \$4.00 per resident.

	(\$ thousands)			
	Formula	Network	TOTAL	\$ Change from 2002
Allegany	627		627	59
Anne Arundel	1,808		1,808	-11
Baltimore City	5,452		5,452	278
Baltimore County	3,857		3,857	349
Calvert	301		301	7
Caroline	218		218	-2
Carroll	743		743	-61
Cecil	518		518	15
Charles	631		631	-15
Dorchester	207		207	10
Frederick	854		854	24
Garrett	170		170	4
Harford	1,143		1,143	-35
Howard	613		613	-19
Kent	83		83	-2
Montgomery	2,132		2,132	66
Prince George's	5,229		5,229	313
Queen Anne's	132		132	-15
St. Mary's	486		486	-43
Somerset	223		223	8
Talbot	82		82	1
Washington	830		830	44
Wicomico	607		607	72
Worcester	116		116	8
Statewide/Unallocated	0	12,558	12,558	1,507
Total	27,062	12,558	39,620	2,564

Note: Detail may not add to totals due to rounding.

COMMUNITY COLLEGES

Current Expense Formula and Unrestricted Grants: The current expense formula bases funding on a percentage of the previous year's appropriation per FTE student at four-year public higher education institutions. Unrestricted grants of \$2.5 million will increase on the same bases beginning with fiscal year 2004. The table assumes the enactment of legislation limiting the increase of each college to 4% over fiscal year 2002.

Special Programs: The budget includes \$2.4 million for the English for Speakers of Other Languages program, \$1.4 million for out-of-county students, \$0.2 million for out-of-state

student agreements, \$2.7 million for the Innovative Partnerships for Technology matching grant, and \$1.1 million for a new grant to address the unique challenges of colleges in the Appalachian region.

Optional Retirement: The state distributes funds directly to the Community Colleges to reimburse them for the employer cost of members of the Optional Retirement System, a vendor operated, defined contribution plan offered as an alternative to the state's defined benefit pension and retirement systems.

(\$ thousands)

	Formula/ Unrestricted Grants	Special Programs	Optional Retirement	TOTAL	\$ Change from 2001
Allegany	4,323	644	165	5,132	828
Anne Arundel	21,320	223	644	22,186	920
Baltimore City	0	0	0	0	0
Baltimore County	32,810	281	1,345	34,436	1,414
Calvert	945	0	62	1,007	43
Caroline	918	3	24	946	41
Carroll	4,645	16	335	4,996	231
Cecil	3,343	8	111	3,461	143
Charles	5,253	0	343	5,597	239
Dorchester	937	3	25	966	41
Frederick	5,861	9	405	6,274	266
Garrett	2,318	664	90	3,071	520
Harford	7,841	33	371	8,245	374
Howard	8,235	261	655	9,150	423
Kent	471	2	13	485	21
Montgomery	27,539	1,402	2,307	31,248	1,555
Prince George's	19,226	128	550	19,904	809
Queen Anne's	1,134	4	30	1,168	50
St. Mary's	1,442	0	94	1,537	66
Somerset	476	170	23	670	41
Talbot	1,090	4	29	1,123	48
Washington	5,119	0	174	5,293	215
Wicomico	2,858	1	139	2,998	125
Worcester	1,371	0	67	1,439	60
Statewide/Unallocated	0	3,900	0	3,900	974
Total	159,476	7,756	8,000	175,232	9,446

Note: Detail may not add to totals due to rounding.

POLICE, FIRE & PUBLIC SAFETY

Aid for Police Protection: The state gives grants to the counties to help provide for police protection services. This aid, which is \$62.1 million for fiscal year 2003, is distributed through a formula based on population and population density. Grants are shared between counties and municipalities on the basis of expenditures, and municipalities receive an additional grant based on the number of police officers.

Aid for Fire, Rescue and Ambulance Systems: Counties and municipalities receive grants for fire, rescue and ambulance equipment and capital renovations. The budget includes \$10.0 million in grants for these services.

Special Grants: The budget includes \$7.3 million for Baltimore City foot patrol, violent crime grants and community policing; \$4.2 million for special drug enforcement and violent crime grant programs in Prince George's County; and \$1 million in STOP Gun Violence Grants. Also included is \$600,000 for special grants awarded by the Vehicle Theft Prevention Council; \$4.3 million for grants from the state's 10-cent telephone surcharge for the "911" emergency system; \$95,000 for training local law enforcement and correctional personnel; \$200,000 to combat domestic violence; \$550,000 to help enforce school bus safety laws; \$360,000 to assist in motor vehicle registration enforcement; and \$50,000 for law enforcement agencies statewide to purchase body armor.

(\$ thousands)

	Police Aid	Fire & Rescue	Special Grants	TOTAL	\$ Change from 2002
Allegany	901	225	0	1,126	16
Anne Arundel	5,925	817	0	6,741	132
Baltimore City	322	1,002	7,300	8,625	3
Baltimore County	9,749	1,203	0	10,952	425
Calvert	708	200	0	908	11
Caroline	318	200	0	518	-1
Carroll	1,507	260	0	1,767	-14
Cecil	886	200	0	1,086	26
Charles	1,125	225	0	1,350	-0
Dorchester	365	236	0	600	4
Frederick	2,057	354	0	2,411	55
Garrett	249	200	0	449	5
Harford	2,171	364	0	2,535	25
Howard	2,936	377	0	3,313	78
Kent	199	207	0	406	1
Montgomery	14,430	1,307	0	15,737	208
Prince George's	13,467	1,120	4,163	18,749	391
Queen Anne's	386	200	0	586	-1
St. Mary's	789	200	0	989	-27
Somerset	236	200	0	436	16
Talbot	398	216	0	614	4
Washington	1,396	225	0	1,621	47
Wicomico	967	221	0	1,188	60
Worcester	661	242	0	902	28
Statewide/Unallocated	0	0	7,108	7,108	551
Total	62,145	10,000	18,571	90,716	2,041

Note: Detail may not add to totals due to rounding.

TRANSPORTATION

Highway User Revenues: The motor vehicle fuel tax, motor vehicle registration fees, a share of the motor vehicle titling tax and a share of the corporate income tax are designated as Highway User Revenues. The state shares 30% of these revenues with the counties and municipalities to help fund the construction and maintenance of local roads. The distribution is made according to a formula based on locally maintained road mileage and vehicle registrations. Baltimore City, the only subdivision which maintains state and federal highways in addition to its own, receives the greater of \$157.5 million or 38% of the local highway user revenue allocation plus 11.5% of the increase in local share.

The fiscal year 2003 share of highway user revenues is \$432.1 million, an increase of \$14.1 million over the amount estimated for fiscal year 2002

Elderly and Disabled Transportation: Grants totaling \$4.8 million are provided to fund local transportation services for elderly and disabled persons; 60% of the money is distributed equally among the counties and Baltimore City, and 40% is based on the distribution of the elderly and disabled populations. In addition, \$3.6 million is included to help defray the cost of providing paratransit services required under the federal Americans with Disabilities Act.

(\$ thousands)

	Highway Users	Elderly & Disabled	TOTAL	\$ Change from 2002
Allegany	6,209	265	6,475	224
Anne Arundel	25,258	850	26,108	916
Baltimore City	171,819	509	172,328	6,443
Baltimore County	35,123	467	35,591	1,084
Calvert	4,902	235	5,137	183
Caroline	4,075	134	4,209	134
Carroll	11,115	166	11,281	345
Cecil	6,281	172	6,452	206
Charles	7,614	392	8,006	300
Dorchester	4,653	138	4,792	152
Frederick	14,451	752	15,203	586
Garrett	5,291	134	5,425	170
Harford	12,862	299	13,161	427
Howard	12,786	746	13,533	537
Kent	2,349	131	2,480	83
Montgomery	36,435	408	36,843	1,117
Prince George's	31,419	902	32,320	960
Queen Anne's	4,573	137	4,710	149
St. Mary's	5,898	340	6,238	237
Somerset	2,787	133	2,920	96
Talbot	3,705	141	3,846	124
Washington	9,589	447	10,037	367
Wicomico	7,394	212	7,606	248
Worcester	5,515	337	5,853	225
Statewide/Unallocated	0	0	0	0
Total	432,104	8,448	440,552	15,313

Note: Detail may not add to totals due to rounding.

MISCELLANEOUS

Local Health Grants: This program funds a wide range of preventive health services such as family planning, maternity and child care assistance, cancer control and AIDS education and outreach.

Disparity Grants: Grants are distributed to counties whose per capita income tax revenues are less than 75% of the state-wide average. The fiscal year 2003 grant reflects an increase of \$25.9 million, or almost 30%.

Program Open Space: A portion of the state property transfer tax revenue is distributed to local governments for the acquisition and development of parks. The distribution is based on the prior years' distribution of transfer tax revenues and population growth. The fiscal year 2003 amount includes a \$1.5 million grant to Baltimore City from the state share of Program Open Space. The table assumes the enactment of legislation altering the allocation of prior year's transfer tax revenues.

Other: A share of taxes on horse racing is paid to jurisdictions which contain, or are located close to, thoroughbred race-tracks. The budget also reflects grants to Baltimore City of a \$5 share of every security interest filing fee collected by the Motor Vehicle Administration; payments in lieu of taxes to Baltimore City of \$830,989 and to Anne Arundel County of \$75,000; and \$750,000 to help local governments for implementation of their critical area programs. Also included is \$500,000 to be used as grants to support senior citizens activities centers, \$500,000 as a grant to Baltimore City to assist in lead paint elimination, and \$3.3 million in State assistance for the purchase of voting machines. A reduction of \$30 million results from the projected suspension of the electricity generating equipment property tax grant.

	(\$ thousands)					
	Local Health	Program Open Space	Disparity Grant	Other	TOTAL	\$ Change from 2002
Allegany	1,550	390	7,590	0	9,530	2,483
Anne Arundel	5,232	4,219	0	495	9,946	-7,679
Baltimore City	11,030	4,285	76,036	4,666	96,017	9,656
Baltimore County	7,051	4,762	0	50	11,863	-1,763
Calvert	638	425	0	0	1,062	-5,994
Caroline	923	184	2,456	0	3,563	278
Carroll	2,042	953	0	0	2,994	111
Cecil	1,373	488	0	0	1,860	153
Charles	1,645	861	0	0	2,506	-2,356
Dorchester	726	159	1,855	0	2,739	-186
Frederick	2,502	1,004	0	0	3,506	304
Garrett	769	197	3,010	0	3,976	182
Harford	2,863	1,410	0	0	4,274	-716
Howard	2,013	2,498	0	105	4,616	51
Kent	630	119	0	0	749	141
Montgomery	5,059	6,352	0	0	11,411	-2,647
Prince George's	8,177	5,374	14,753	181	28,486	152
Queen Anne's	704	258	0	0	961	73
St. Mary's	1,341	475	0	0	1,815	48
Somerset	702	113	4,289	0	5,103	574
Talbot	588	272	0	0	861	120
Washington	2,308	743	1,987	0	5,038	1,206
Wicomico	1,568	497	3,203	0	5,268	2,303
Worcester	712	487	0	0	1,199	199
Statewide/Unallocated	0	0	0	4,594	4,594	1,244
Total	62,146	36,522	115,180	10,091	223,940	-2,060

Note: Detail may not add to totals due to rounding.

RETIREMENT CONTRIBUTIONS

Under this statutory program, the state pays on behalf of each county board of education, library system, and community college the entire cost of pension and retirement benefits for eligible teachers, librarians and employees. There is an exception for Montgomery County where librarians have elected to remain in the Montgomery County Retirement System rather than in the state system, in which case the state remits the lesser of the cost of retirement for the county or the state systems. In addition, the state provides retirement benefits for certain local employees, primarily in the offices of local sheriffs and state's attorneys. Prior to the fiscal year

2000 budget, the state's contribution was provided indirectly through the actuarial adjustment of the state's contribution rate.

There is no distribution of funds directly to the subdivisions, but rather lump sum payments are made to the state's retirement board. Each subdivision's share of the state's retirement appropriation, however, can be estimated based on county-by-county salary data. The table assumes the enactment of legislation altering the required retirement system funding.

(\$ thousands)

	Boards of Education	Libraries	Community Colleges	Certain Local Employees	TOTAL	\$ Change over 2002
Allegany	3,502	61	547	6	4,117	0
Anne Arundel	26,958	650	1,208	5	28,821	0
Baltimore City	37,209	1,005	0	1,035	39,250	0
Baltimore County	41,901	939	2,501	6	45,347	0
Calvert	5,798	100	75	3	5,976	0
Caroline	1,910	57	77	5	2,049	0
Carroll	9,328	292	244	4	9,867	0
Cecil	5,597	79	199	6	5,881	0
Charles	8,245	125	420	0	8,790	0
Dorchester	1,883	32	78	7	2,001	-0
Frederick	13,529	224	403	0	14,156	0
Garrett	1,856	43	143	3	2,044	0
Harford	13,445	423	549	0	14,417	0
Howard	19,270	530	610	14	20,423	0
Kent	1,115	30	39	2	1,186	0
Montgomery	65,556	1,531	2,824	4	69,915	-280
Prince George's	44,879	875	1,850	28	47,632	0
Queen Anne's	2,534	53	95	5	2,686	0
St. Mary's	5,256	111	115	0	5,483	0
Somerset	1,219	23	22	0	1,264	0
Talbot	1,732	35	91	0	1,858	0
Washington	7,149	141	432	4	7,726	0
Wicomico	5,477	83	132	7	5,699	0
Worcester	2,876	64	64	5	3,008	0
Total	328,222	7,506	12,716	1,150	349,594	-280

Note: Detail may not add to totals due to rounding.

Appendix A

Appropriation Detail All Budgeted Funds - \$ thousands

	Fiscal Years		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Disparity Grants	81,627	89,290	115,180
Security Interest Filing Fees	2,953	2,735	2,750
Retirement Contribution - Local Employees	837	1,150	1,356
Electricity Generating Equipment Property Tax Grants	15,308	30,615	30,615
General Assembly of Maryland	52,769	56,897	59,108
Judiciary	242,234	278,097	308,540
Office of the Public Defender	47,609	53,802	58,355
Office of the Attorney General	18,294	19,540	20,301
Office of the State Prosecutor	871	914	948
Maryland Tax Court	515	547	568
Public Service Commission	12,478	10,037	10,495
Office of People's Counsel	2,399	2,496	2,561
Subsequent Injury Fund	1,558	1,708	1,746
Uninsured Employers' Fund	882	881	934
Workers' Compensation Commission	11,778	10,700	11,794
Board of Public Works	12,629	10,401	6,891
Board of Public Works - Capital Appropriation	474,227	509,308	29,936
Executive Department	7,882	8,293	8,830
Office of the Deaf and Hard of Hearing	0	0	211
Office For Individuals With Disabilities	2,450	1,970	2,242
Maryland Energy Administration	3,547	4,243	3,350
Office for Children, Youth and Families	4,885	5,289	6,015
Executive Dept-Boards, Commissions and Offices	45,639	56,681	56,878
Secretary of State	2,991	3,078	3,258
Historic St. Mary's City Commission	4,411	3,526	2,829
Office for Smart Growth	0	403	753
Interagency Committee for Public School Construction	11,280	15,856	13,362
Department on Aging	37,541	42,274	45,416
Commission on Human Relations	3,408	3,352	3,312
Maryland Stadium Authority	47,680	39,299	34,738
State Board of Elections	3,997	6,549	8,128
Maryland State Board of Contract Appeals	414	509	533
Department of Planning	7,508	8,543	9,831
Military Department	36,919	24,090	32,517
Md Institute for Emergency Medical Services Systems	9,737	10,108	10,594
Department of Veterans Affairs	12,396	14,495	14,009
State Archives	5,474	4,264	5,457
Maryland Insurance Administration	20,839	23,120	21,672
Governor's Work Force Investment Board	443	472	395
Forum for Rural Maryland	234	232	230
Canal Place Preservation and Development Authority	2,554	2,839	1,486

(continued on next page)

Note: These totals differ from those on the individual department summaries because these figures exclude reimbursable funds.

Appendix A (continued)

Appropriation Detail All Budgeted Funds - \$ thousands

	Fiscal Years		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Office of Administrative Hearings	31	31	6
Comptroller of Maryland	77,477	81,379	82,847
State Treasurer's Office	4,616	4,587	4,462
State Department of Assessments and Taxation	97,558	99,089	100,843
Lottery Agency	47,645	50,566	52,626
Property Tax Assessment Appeals Boards	863	906	959
Registers of Wills	19	75	75
Department of Budget and Management	77,734	83,110	109,547
Maryland State Retirement and Pension Systems	27,756	19,434	20,378
Teachers and Employees Supplemental Retirement Plans	1,426	1,468	1,464
Department of General Services	52,790	52,055	58,756
Department of Transportation	2,773,546	3,039,285	3,293,397
Department of Natural Resources	240,966	292,727	281,324
Department of Agriculture	75,388	79,628	77,317
Department of Health and Mental Hygiene	4,393,125	4,606,755	5,190,273
Department of Human Resources	1,481,571	1,466,380	1,562,909
Department of Labor, Licensing, and Regulation	175,714	195,285	195,891
Department of Public Safety and Correctional Services	840,480	889,797	928,398
State Department of Education	3,623,600	3,820,428	4,063,935
Morgan State University	129,654	137,980	148,327
St. Mary's College of Maryland	38,388	41,243	43,379
Maryland Public Broadcasting Commission	33,364	45,506	38,765
University System of Maryland	2,525,877	2,714,565	2,827,784
Aid To University of Maryland Medical System	9,002	9,513	9,456
Maryland Higher Education Commission	299,113	331,146	380,112
Support For State Operated Inst of Higher Education	891,416	975,358	1,007,505
Baltimore City Community College	57,283	65,571	70,630
Maryland School For the Deaf	17,709	19,391	20,496
Department of Housing and Community Development	152,655	257,020	254,883
Maryland African American Museum Corporation	601	739	957
Department of Business and Economic Development	159,037	136,645	142,781
Department of the Environment	205,697	227,446	165,006
Department of Juvenile Justice	164,918	179,104	194,163
Department of State Police	273,748	279,907	295,985
Public Debt	372,778	397,041	405,377
State Reserve Fund	381,462	216,859	189,029
Total	20,064,788	21,201,261	22,160,660
Proposed Deficiency Appropriations (Appendix C)		372,069	
Adjusted Total	20,064,788	21,573,330	22,160,660

Note: Detail may not add to totals due to rounding.

Appendix A

Appropriation Detail General Funds - \$ thousands

	Fiscal Years		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Disparity Grants	81,627	89,290	115,180
Security Interest Filing Fees	2,953	2,735	2,750
Retirement Contribution - Local Employees	837	1,150	1,356
Payments To Civil Divisions of the State	15,308	30,615	30,615
General Assembly of Maryland	52,769	56,897	59,108
Judiciary	228,593	260,819	293,564
Office of the Public Defender	47,405	53,580	58,125
Office of the Attorney General	16,482	17,598	18,343
Office of the State Prosecutor	871	914	948
Maryland Tax Court	515	547	568
Public Service Commission	9,444	9,924	10,297
Office of People's Counsel	2,399	2,496	2,561
Workers' Compensation Commission	11,609	10,489	11,563
Board of Public Works	12,004	9,276	5,766
Board of Public Works - Capital Appropriation	471,827	509,308	17,000
Executive Department	7,882	8,293	8,830
Office of the Deaf and Hard of Hearing	0	0	211
Office for Individuals With Disabilities	642	687	719
Maryland Energy Administration	410	414	576
Office for Children, Youth and Families	4,373	4,865	5,411
Executive Dept-Boards, Commissions and Offices	10,510	11,036	11,223
Secretary of State	2,343	2,496	2,756
Historic St. Mary's City Commission	3,710	2,926	2,234
Office for Smart Growth	0	403	753
Interagency Committee for Public School Construction	11,280	11,426	11,469
Department On Aging	19,094	22,142	23,776
Commission On Human Relations	2,681	2,754	2,745
Maryland Stadium Authority	25,680	11,069	11,408
State Board of Elections	3,997	6,549	8,128
Maryland State Board of Contract Appeals	414	509	533
Department of Planning	7,178	8,543	9,659
Military Department	11,460	12,841	15,098
Department of Veterans Affairs	5,783	6,795	6,635
State Archives	2,784	2,805	2,969
Governor's Work Force Investment Board	359	362	355
Forum for Rural Maryland	118	116	114

(continued on next page)

Appendix A (continued)

Appropriation Detail General Funds - \$ thousands

	Fiscal Years		
	2001	2002	2003
Canal Place Preservation and Development Authority	2,501	2,764	1,407
Office of Administrative Hearings	24	25	0
Comptroller of Maryland	65,955	67,904	70,469
State Treasurer's Office	4,262	4,166	4,100
State Department of Assessments and Taxation	95,539	96,341	98,425
Property Tax Assessment Appeals Boards	863	906	959
Registers of Wills	19	75	75
Department of Budget and Management	61,048	66,990	87,340
Department of General Services	50,857	49,947	55,887
Department of Natural Resources	66,210	96,700	91,315
Department of Agriculture	32,330	33,799	31,558
Department of Health and Mental Hygiene	2,379,457	2,553,186	2,853,923
Department of Human Resources	465,211	480,811	496,620
Department of Labor, Licensing, and Regulation	26,468	25,965	30,699
Department of Public Safety and Correctional Services	728,169	767,903	814,924
State Department of Education	2,947,066	3,094,511	3,304,606
Maryland Public Broadcasting Commission	10,590	18,278	11,427
Aid To University of Maryland Medical System	2,301	2,748	2,593
Maryland Higher Education Commission	290,453	321,429	372,682
Support for State Operated Inst of Higher Education	886,536	969,843	1,001,226
Maryland School for the Deaf	16,785	18,615	19,490
Department of Housing and Community Development	39,397	53,433	49,134
Maryland African American Museum Corporation	601	739	957
Department of Business and Economic Development	87,760	91,024	90,031
Department of the Environment	45,788	58,717	55,140
Department of Juvenile Justice	150,331	162,164	178,663
Department of State Police	217,986	224,837	239,191
Public Debt	106,200	103,455	94,020
State Reserve Fund	381,462	216,859	189,029
Total	10,237,508	10,756,804	10,999,236
Proposed Deficiency Appropriation (Appendix C)		172,524	
Adjusted Total	10,237,508	10,929,328	10,999,236

Note: Detail may not add to totals due to rounding.

Appendix B

Position Summary Full-Time Equivalent Positions

	Fiscal Years					
	2001		2002		2003	
	Auth.	Contr.	Auth.	Contr.	Auth.	Contr.
General Assembly of Maryland	723	-	730	-	730	-
Judiciary	2,870	365	3,010	371	3,322	334
Office of the Public Defender	727	128	763	107	763	107
Office of the Attorney General	255	2	261	2	263	-
Office of the State Prosecutor	9	1	9	2	9	2
Maryland Tax Court	9	0	9	1	9	1
Public Service Commission	135	3	140	2	142	2
Office of People's Counsel	18	1	18	1	18	1
Subsequent Injury Fund	19	-	19	-	19	-
Uninsured Employers' Fund	13	-	13	-	13	-
Workers' Compensation Commission	134	4	137	8	137	13
Board of Public Works	9	-	9	-	9	-
Executive Department	85	3	87	4	87	4
Office of the Deaf and Hard of Hearing	-	-	-	-	3	-
Office for Individuals With Disabilities	15	2	15	2	16	4
Maryland Energy Administration	20	0	20	1	22	2
Office for Children, Youth and Families	41	17	47	12	50	17
Executive Dept-Boards, Commissions and Offices	74	35	80	25	81	21
Secretary of State	38	3	39	3	39	3
Historic St. Mary's City Commission	43	13	41	13	41	13
Office for Smart Growth	-	-	3	-	8	-
Interagency Committee for Public School Construction	15	-	17	-	17	-
Department On Aging	57	10	57	8	54	7
Commission On Human Relations	53	2	54	1	54	3
State Board of Elections	28	2	28	2	29	3
Maryland State Board of Contract Appeals	5	-	5	-	5	-
Department of Planning	126	19	135	16	138	9
Military Department	313	64	323	54	352	39
Md Institute for Emergency Medical Services Systems	96	9	95	11	95	11
Department of Veterans Affairs	71	2	73	2	73	3
State Archives	46	52	47	27	47	48
Maryland Insurance Administration	273	6	273	9	279	9
Governor's Work Force Investment Board	10	-	10	-	10	-
Forum For Rural Maryland	2	1	2	1	2	1
Canal Place Preservation and Development Authority	4	-	4	-	4	-
Office of Administrative Hearings	142	-	141	-	141	-
Comptroller of Maryland	1,141	21	1,152	49	1,158	27
State Treasurer's Office	53	-	54	-	54	-

(continued on next page)

Note: Detail may not add to totals due to rounding.

Appendix B (continued)

Position Summary Full-Time Equivalent Positions

	2001		Fiscal Years 2002		2003	
	Auth.	Contr.	Auth.	Contr.	Auth.	Contr.
State Department of Assessments and Taxation	773	3	763	3	763	3
Lottery Agency	166	5	181	6	179	6
Property Tax Assessment Appeals Boards	9	-	9	-	9	-
Department of Budget and Management	510	70	517	31	549	34
Maryland State Retirement and Pension Systems	170	28	177	35	177	32
Teachers and Employees Supplemental Retirement Pla	17	-	17	-	17	-
Department of General Services	689	27	793	32	849	43
Department of Transportation	9,256	155	9,538	175	9,653	172
Department of Natural Resources	1,588	331	1,631	416	1,643	491
Department of Agriculture	471	38	480	40	474	42
Department of Health and Mental Hygiene	8,413	448	8,536	518	8,573	529
Department of Human Resources	7,652	354	8,280	179	8,427	160
Department of Labor, Licensing, and Regulation	1,708	132	1,706	91	1,716	107
Department of Public Safety and Correctional Services	11,228	330	11,663	577	11,925	541
State Department of Education	1,361	125	1,363	157	1,393	156
Morgan State University	942	446	973	434	998	432
St. Mary's College of Maryland	391	25	396	27	396	27
Maryland Public Broadcasting Commission	155	11	188	13	188	13
University System of Maryland	18,478	5,492	19,488	5,035	19,735	5,326
Maryland Higher Education Commission	83	4	84	7	84	3
Higher Education Labor Relations Board	-	-	3	-	3	-
Baltimore City Community College	493	264	516	267	568	267
Maryland School for the Deaf	306	63	318	52	318	53
Department of Housing and Community Development	421	52	449	80	453	81
Department of Business and Economic Development	319	54	324	46	325	46
Department of the Environment	1,011	42	1,028	52	1,114	55
Department of Juvenile Justice	1,613	317	2,123	135	2,128	140
Department of State Police	2,556	35	2,590	37	2,622	37
Total	78,445	9,614	82,047	9,176	83,565	9,472

Note: Detail may not add to totals due to rounding.

FY 2002 Deficiency Appropriations \$ Thousands

	General	Special	Federal	Total
Payments to Civil Divisions of the State	63			63
Office of the Public Defender	3,500			3,500
Public Service Commission	143			143
Board of Public Works	-1,977			-1,977
Military Department			863	863
Department of Veterans Affairs	661			661
Property Tax Assessment Appeals Board	85			85
Department of General Services	2,089		292	2,381
Department of Transportation		8,200		8,200
Department of Natural Resources			1,000	1,000
Department of Agriculture	500			500
Department of Health and Mental Hygiene	140,872		140,630	281,502
Department of Human Resources	9,600	22,058	26,412	58,070
Department of Labor, Licensing and Regulation	2,492		90	2,582
Department of Public Safety and Correctional Services	2,517			2,517
State Department of Education	-9,522			-9,522
Department of State Police	1,100			1,100
State Reserve Fund	20,400			20,400
Total	172,524	30,258	169,287	372,069

Note: Detail may not add to totals due to rounding.

Glossary

Maryland Budget Priorities FY 2003

Allowance

The amount proposed by the Governor for an item in the fiscal year 2003 budget. In most instances the General Assembly may subtract from but may not add to the allowance.

Appropriation

The amount of spending for an item legally authorized by the General Assembly.

Appropriated Positions

Synonymous with "authorized positions" (see below).

Authorized Positions

The number of full-time equivalent employees that may be employed at any one time on the regular state payroll. The number of authorized positions includes vacant positions. An agency may not exceed its total of authorized positions. Only the state's Board of Public Works may increase the number of authorized positions during the fiscal year.

Capital Expenditure

An expenditure for the acquisition or construction of buildings or other fixed assets, or for other tangible assets with a useful life of at least 15 years.

Contractual Positions

The number of full-time equivalent employees working under employment contracts. Agencies generally use contractual employees for tasks of a limited duration or seasonal nature. Contractual employees are not eligible for most state fringe benefits.

Current Restricted Funds (CRF)

Funds that may be used by higher education institutions only for restricted purposes. These consist principally of research grants and donations for particular purposes (i.e., student aid).

Current Unrestricted Funds (CUF)

Funds that may be used by higher education institutions without restriction. These consist principally of the state appropriation, tuition and student fees.

Deficiency Appropriation

An appropriation for an expense in the current fiscal year that is not covered by the existing budget. Deficiency appropriations usually occur when workloads exceed projected amounts, new legislation requires expenditures not provided in the budget or unanticipated needs arise. The fiscal year 2003 budget proposal includes deficiency appropriations for fiscal year 2002.

Federal Funds (FF)

Grants and other payments from the federal government which flow through the state budget.

Fiscal Year (FY)

The calendar on which the state operates for financial purposes. Maryland's fiscal year begins on July 1 and ends on June 30. Thus fiscal year 2003 (FY 2003) will begin on July 1, 2002 and continue until June 30, 2003.

Full-Time Equivalent (FTE)

A method of calculating employment, workloads, enrollments or caseloads to adjust for part-time or part-year participation. For example, part-time or

part-year employees are factored according to the share of a full 2,080-hour year during which they are employed. A seasonal employee who works 20 hours a week for one-half of the year would count as 0.25 full-time equivalent.

General Fund (GF)

The governmental fund into which revenues are deposited if they are not dedicated to particular expenditures, and from which most discretionary spending is made. Income taxes and sales taxes provide the bulk of Maryland's general fund revenues. About half of the state's expenditures are made from the general fund.

Non-budgeted Funds (NBF)

Some agencies have independent authority to make expenditures without legislative appropriations. Examples include the Injured Workers' Insurance Fund (which provides workers' compensation insurance) and the Maryland Transportation Authority (which operates certain bridges, tunnels and other transportation facilities). These agencies have independent revenue sources (i.e., insurance premiums, toll revenues) and are presented in the budget for information purposes only.

Operating Expenditure

As distinguished from "capital expenditures," are expenses of ongoing operations of government and other expenditures that do not result in a tangible fixed asset with a useful life of at least 15 years.

Reimbursable Funds

Many activities of state agencies are performed for other state agencies. Reimbursable funds are an accounting technique used to record these expenditures without overstating total expenditures. An

example is telephone service. Each operating agency pays the Department of Budget and Management for the actual cost of its telephone usage from its general, special or federal funds. The Department of Budget and Management, in turn, pays the telephone service provider with *reimbursable funds*. Reimbursable funds are generally not included in budget totals — to do so would count the same expense twice.

Special Funds (SF)

Special funds are a particular source of revenue *dedicated* to a specific category of expenditures. Such revenues are paid into a special fund, and the expenditures are charged against the special fund. Examples include the Transportation Trust Fund (fuel tax and other transportation-related revenues) and Program Open Space (property transfer taxes).

Abbreviations

CRF	- Current Restricted Funds
CUF	- Current Unrestricted Funds
FF	- Federal Funds
FY	- Fiscal Year
FTE	- Full-time Equivalent
GF	- General Funds
NBF	- Non-budgeted Funds
SF	- Special Funds
RF	- Reimbursable Funds

Acknowledgements

Maryland Budget Priorities FY 2003

Many hardworking State employees are involved in the months of preparation and analysis that culminate in the production of the Maryland State Budget each January. These dedicated individuals include staff at the various operating agencies of State government, the Office of the Governor, and the General Assembly as well as the Department of Budget and Management. Listed below are the Department of Budget and Management employees with direct responsibility for preparation of the State Budget. I wish to recognize their contributions and to express my gratitude to them as well as the hundreds of other State employees not listed here who play an important role in Maryland's budget process.

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